SIGTARP

SEMIANNUAL REPORT TO CONGRESS
OCTOBER 1, 2020 – MARCH 31, 2021

Office of the Special Inspector General for the Troubled Asset Relief Program

LETTER FROM THE SPECIAL INSPECTOR GENERAL

While TARP investments in banks under the Emergency Economic Stabilization Act (EESA) and other government intervention during the financial crisis shored up banks such that they have weathered the pandemic, large numbers of Americans have suffered personal financial insecurity during the pandemic. Millions lost their job, saw their income reduced or left the workforce as they cared for loved ones or children out of school. Lines at food banks have stretched for miles, and homeowners and tenants faced foreclosure and eviction. In addition to two extraordinary assistance laws in the last year, EESA's long-term economic stability programs also assist Americans suffering hardships during the pandemic.

When Congress passed EESA, it wanted to aid Main Street, and authorized assistance to preserve homeownership and stabilize neighborhoods. President Obama announced: (1) the foreclosure prevention program HAMP; and (2) the Hardest Hit Fund (HHF) that helps state housing finance agencies address ongoing local needs, primarily through mortgage assistance for unemployed or underemployed homeowners. Treasury and Congress extended authority for these programs in 2016, with Congress adding an additional $2 billion to HHF. During the pandemic, many are relying on these EESA programs to stay in their homes, including 664,644 homeowners in HAMP, and an unreported number in HHF. HHF state agencies reported a surge of applications, which is not surprising as unemployment surged.

It is imperative that SIGTARP fulfill its mission to ensure independently that these programs are effective, and to bring accountability for fraud, waste, and abuse. We previously reported roadblocks, improper foreclosures, mismanagement, and millions in waste. Our law enforcement work has resulted in criminal charges against 456 defendants (with a 97 percent Department of Justice conviction rate and 306 sentenced to prison), enforcement actions by DOJ, the Securities and Exchange Commission (SEC) or others against 25 entities (including large Wall Street institutions), and the recovery of $11.2 billion.

We have been actively monitoring changes to HAMP and HHF in response to the pandemic. One year ago, we recommended that Treasury shift HHF to address the pandemic, and shift available EESA funding to HHF unemployment mortgage assistance programs. Treasury has been implementing this recommendation. Three states closed HHF in the last year, returning more than $106 million to Treasury. SIGTARP continues to recommend that Treasury shift these funds to open HHF programs.

We continue our long-standing record of holding financial institutions and bankers accountable, with our top law enforcement priority to bring justice to unlawful conduct by financial institutions in HAMP. In FY 2020-2021, Treasury distributed just under $1 billion in HAMP. Payments are not automatic, and require financial institutions to follow the law and HAMP rules. We have a number of open confidential investigations. In December 2020, SIGTARP's investigation of Nationstar resulted in an $86.3 million enforcement action by 51 state Attorneys General, 53 state financial regulators, and the Consumer Financial Protection Bureau for ***violating consumer protection laws and harming 40,000 homeowners, including in HAMP.*** Nationstar conducted improper foreclosures, improper escrow practices, and improperly increased monthly payments, among other violations. Treasury distributed $1.7 billion to Nationstar in HAMP ($117.7 million in FY 2020-2021), making it the third largest current HAMP institution.

SIGTARP also investigates ***corruption, fraud, and environmental/safety crimes*** such as illegal dumping, asbestos exposure or contaminated dirt in demolitions of blighted properties under HHF. SIGTARP warned of these risks. However, Treasury did not implement SIGTARP's recommendations to mitigate risks. In FY 2021, our investigations resulted in: criminal charges by the Michigan Attorney General against a Detroit company for bribery, false pretenses, and money laundering, including charges related to public health laws for asbestos removal; the sentencing of a land bank official for lying to SIGTARP about work by a demolition contractor awarded HHF contracts on the official's house; and a Detroit Inspector General report that four contractors used unapproved dirt from I-94 as backfill.

Finally, with investigations that led to prison sentences for 74 bankers, in the last six months, we have seen progress in several high-profile prosecutions in cases that have lasted many years, including:

- 7-year 3-month prison sentence for a Mexican national involved in a ***criminal enterprise to launder international narcotics trafficking proceeds including for the Sinaloa drug cartel through Saigon Bank while the bank was in TARP***, in Operation Phantom Bank that charged 25 defendants, including the bank CEO.
- 2-year prison sentence for CEO of failed TARP bank Cecil Bank in Maryland for ***fraud conspiracy and bribery that included lying to the bank's board and a Federal Reserve examiner.*** Treasury wrote off more than $10 million in TARP when the bank filed bankruptcy.
- Home confinement sentence for supervisory trader at Nomura Securities convicted of ***conspiracy to commit securities fraud*** in residential mortgage backed securities, including through EESA's PPIP program, that caused more than $15 million in losses. The SEC also brought charges against this trader, others, and Nomura (who repaid $25 million to customers).

I would welcome an opportunity to talk to you further about SIGTARP's work.

Respectfully,

CHRISTY GOLDSMITH ROMERO
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 to promote economy, efficiency, effectiveness, and accountability in these economic stability programs. SIGTARP conducts investigations of suspected illegal activity, and also independently audits these 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 spent $1.8 billion in FY 2019 - and will continue to operate until at least 2024.

Under these long-term economic stability programs, the Department of 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 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 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 650,000 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 at least 2022. 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.

456 defendants have been criminally charged as a result of SIGTARP investigations. SIGTARP has a 97 percent DOJ conviction rate. Already 394 defendants have been convicted, 306 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 **30 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 2020 alone, the Federal Government and victims recovered more than $157 million based on SIGTARP's investigations. FY 2019 recoveries were $900 million. Recoveries to date in FY 2021 are $86,727,338.

SIGTARP Audits: SIGTARP audits identify roadblocks and obstacles to speed 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 who "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 identified $11 million wasted by HHF state agencies on a Mercedes Benz, parties, catered barbeques, employee gifts, and other perks. SIGTARP has recommended significant cost savings. 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.

$21.6 billion has been spent, including $261.9 million in FY 2021. Up to $1.3 billion is available to be spent into FY 2024.

As of March 25. 2021

– Recipients include –

- JPMorgan Chase & Co.
- citi mortgage
- Ocwen
- Bank of America
- Wells Fargo
- Nationstar
- SPS Select Portfolio Servicing, inc.
- CIT Bank
- OneWest Bank

The Hardest Hit Fund (HHF) helps unemployed Americans pay their mortgages (including due to the COVID-19 pandemic) demolishes blighted homes and funds homebuyer down payments.

$9.6 billion spent, including $210.1 million in CY 2020. $331.2 million is available to be spent into FY 2022.

As of December 31, 2020

– Recipients have included –

- **19 state agencies**
- **378 cities or counties and 503 local partners**
- **More than 1,700 demolition contractors**
- **Homeowners & homebuyers**

SIGTARP

456 Criminally Charged

394 Convicted

306 Sentenced to Prison

Including

98 Scammers of Homeowners

93 Bank Borrowers

74 Bankers

$11 Billion Recovered from Investigations = **30x** Return on Investment

As of April 2, 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 – 2020

SIGTARP

SIGTARP investigations have led to enforcement actions against TWENTY FIVE institutions

Goldman Sachs
Bank of America
JPMorgan Chase & Co.
Morgan Stanley
SunTrust
ally
Jefferies
Merrill Lynch Bank of America Corporation
Wilmington Trust
RBS The Royal Bank of Scotland
GM
Nationstar
Fifth Third Bank
Crowe
AIG Property Casualty
pwc
Western Asset
Countrywide
United Guaranty
Deloitte.
MARTIN
NOMURA
IMPERIAL HOLDINGS, INC.
ANCHOR BANK
Regions

	FY 2020 to 3/31	FY 2021 to 3/31
Dollars Recovered (Millions)	$81.6	$86.7
Criminal Charges	9	11
Arrests	5	5
Convictions	4	9
Sentenced to Prison	8	5
Debarments	3	0
Prosecutorial Referrals	11	18
• Justice Department Referrals	9	4
• State and Local Referrals	2	14
• Prosecutor Declinations	1	1
Hotline Complaints	334	332

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

Our top law enforcement priority is to investigate and bring justice to unlawful conduct by financial institutions in HAMP. Our audits promote transparency, effectiveness and efficiency to ensure HAMP achieves its goal of keeping people in their homes.

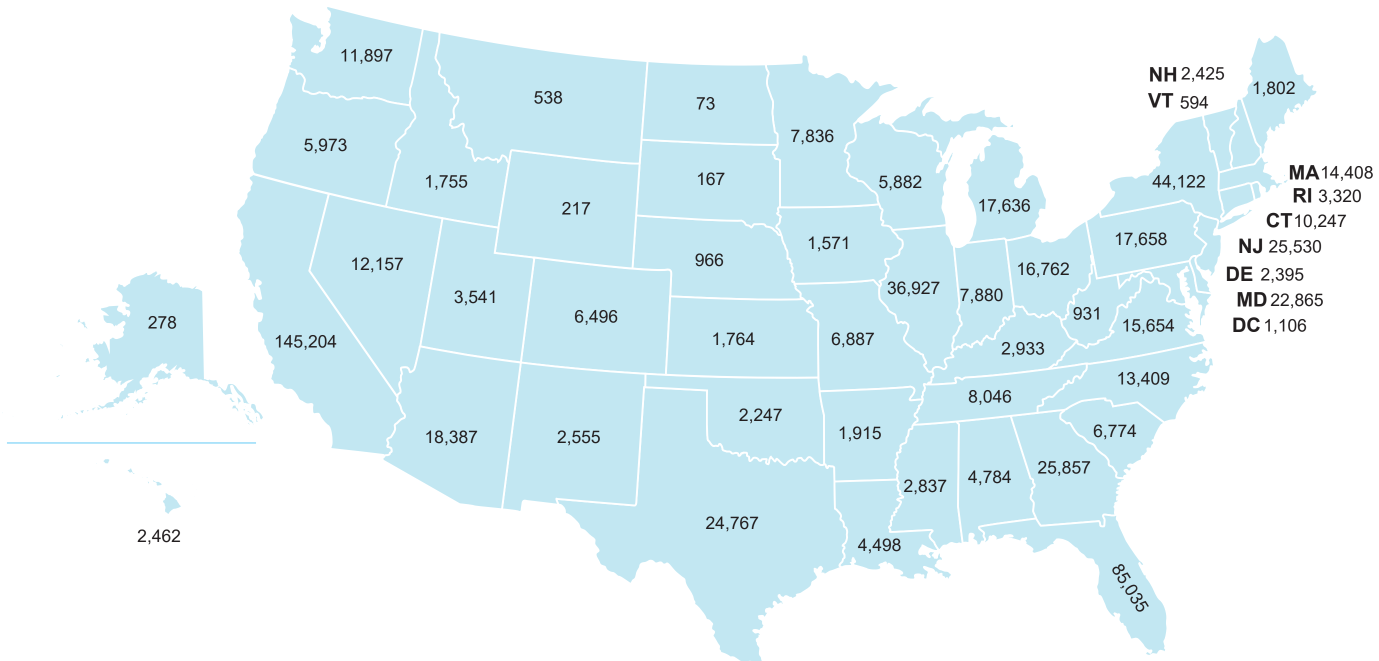
-Special Inspector General Goldsmith Romero

HAMP IS PREVENTING FORECLOSURES FOR THE MORE THAN 650,000 PARTICIPANTS WHO LIVE IN ALL 50 STATES

Through HAMP (the signature program for EESA's Making Home Affordable program), Treasury and Fannie Mae pay incentives to financial institutions for six years to lower and modify mortgages for participating homeowners to levels that are affordable and sustainable. This long-term EESA foreclosure prevention program lasts through at least 2024.

Economic stability programs, including HAMP, remain critical to the financial well-being of many Americans. Even before the COVID-19 pandemic, 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, leading to personal financial insecurity. The COVID-19 pandemic has led to national economic instability not seen since the financial crisis, which will likely result in increased personal financial insecurity for the foreseeable future.

OVER 650,000 HOMEOWNERS CURRENTLY IN HAMP



Federal payments are not automatic and require the financial institution to follow the law and HAMP rules. Treasury and Fannie Mae payments in FY 2021 and cumulative are as follows:

TOP 10 FINANCIAL INSTITUTIONS AND TOTAL SPENT IN FY 2021

1	Ocwen Loan Servicing, LLC	78,024,547.94
2	Select Portfolio Servicing, Inc.	43,841,649.13
3	Nationstar Mortgage, LLC	34,136,224.27
4	Wells Fargo Bank, N.A.	19,516,401.57
5	Specialized Loan Servicing LLC	14,615,905.17
6	JPMorgan Chase Bank, NA	12,477,283.57
7	Bank of America, N.A.	13,099,926.23
8	MidFirst Bank	9,819,988.36
9	Carrington Mortgage Services, LLC	9,286,734.70
10	CitiMortgage, Inc.	4,263,406.75
11	145 Other Institutions	22,819,093.56
	$ Spent in FY 2021	**$261,901,161.25**

Source: SIGTARP's March 25, 2021 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitoring Report - March 2021

SPENDING IN THE MAKING HOME AFFORDABLE PROGRAM

SIGTARP Investigations and Audits | Future SIGTARP Investigations and Audits

Dollars paid		Obligated or Committed to be paid
$5.6 Billion Dollars paid	OCWEN	$287 Million Obligated or Committed to be paid
$3.4 Billion Dollars paid	WELLS FARGO	$129 Million Obligated or Committed to be paid
$3.2 Billion Dollars paid	JPMorganChase	$83 Million Obligated or Committed to be paid
$2.3 Billion Dollars paid	Bank of America	$58 Million Obligated or Committed to be paid
$1.7 Billion Dollars paid	SPS Select Portfolio Servicing, inc.	$169 Million Obligated or Committed to be paid
$1.7 Billion Dollars paid	Nationstar Mortgage	$157 Million Obligated or Committed to be paid
$774 Million Dollars paid	citimortgage	$52 Million Obligated or Committed to be paid
$441 Million Dollars paid	CIT Bank OneWest Bank	$18 Million Obligated or Committed to be paid
$2.6 Billion Dollars paid	147 Financial Institutions*	$374 Million Obligated or Committed to be paid
$21.6 Billion Dollars paid	**TOTAL**	**$1.3 Billion** Obligated or Committed to be paid

Source: SIGTARP's April 2021 analysis of Treasury and Fannie Mae's most recent MHA data; Treasury, Aggregate Cap Monitoring Report -March 2021; SIGTARP analysis of Treasury and Fannie Mae MHA data. A total of 155 institutions have been paid or are eligible to be paid future funds through MHA, of which 118 will still receive payments subsequent to 3/25/2021.

SIGTARP'S OVERSIGHT OF HAMP

SIGTARP conducts criminal and civil investigations and independent audits to uncover fraud, waste, abuse, ineffectiveness, and inefficiency that hurt HAMP and put taxpayer dollars at risk. SIGTARP's investigations that led to prosecutions of more than 107 bankers - including 74 sentenced to prison - and DOJ enforcement actions against the largest banks have given us the expertise to investigate financial institutions in 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 98 sentenced to prison.

The Crime
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's Role
The floor SIGTARP led the investigation that uncovered the criminal conduct and SunTrust's unwillingness to put resources in HAMP despite taking billions in TARP funds.

Investigation Fact
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.

Prosecution
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, Including in the HAMP Program

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 pays 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.[i]

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 exceed the principal and interest amount contained in the trial plan agreement.

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. 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.sigtarp.gov.

[i] SIGTARP 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.sigtarp.gov/audits-all.

98 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

Thomas J. Adams
364 days (suspended)

Sammy Araya
20 years

Ziad Nabil Mohammed Al Saffar
1 year and 9 months

Kristen Ayala
11 years and 3 months

Samuel Paul Bain
5 years

Michael Bates
1 year

Anthony Blackwell
1 year

Crystal Buck
5 years

Vernell Burris, Jr.
1 year

Chad Calderonello
3 years and 5 months

David Cassuto
Time served, 2 years supervised release

Jaime Cassuto
Time served, 2 years supervised release

Alan Chance
1 year

Jacob J. Cunningham
8 months

Raymund Oquendo Dacanay
5 years

Catalina Deleon
2 years and 6 months

Alberto DiRoberto
5 years

Ruby Theresa Encina
1 year

Nicholas Estilow
6 years and 8 months

Mark Farhood
11 years

Dennis Fischer
7 years

Dionysius Fiumano
16 years

Gregory Flahive
1 year

Christopher George
20 years

Chad Gettel
7 years

Serj Geutssoyan
4 years and 4 months

Frederic Gladle
5 years and 1 month

Christopher S. Godfrey
7 years

Angel Gonzalez
Time served, 3 years supervised release

David Gotterup
15 years

David Green
Time served, 3 years supervised release

Jason Green
Time served, 5 years supervised release and 6 months home confinement

Philip Haas
Time served, 3 years supervised release

Walter Bruce Harrell
1 year and 6 months

Michael Henderson
12 years

Jonathan L. Herbert
11 years and 8 months

Mindy Holt
1 year and 6 months

Robert Jacobsen
6 years and 6 months

Najia Jalan
5 years and 10 months

Joshua David Johnson
10 years and 1 month

Roger Jones
2 years and 9 months

Brian M. Kelly
1 year

Darrell Keys
Time served, 3 years supervised release

Isaak Khafizov
9 years

Cuong Huy King
1 year and 6 months

Justin D. Koelle
9 months

Ray Kornfeld
5 years

Niket Narayan Kulkarni
5 years (suspended)
3 years probation

Damian Kutzner
5 years and 10 months

Harold E. Larson
2 years and 6 months

Michelle Lefaoseu
1 year

John Linderman
2 years

Jonathan Lyons
1 year

Lori Macakanja
6 years

Rajish Maddiwar
5 years

Christine Maharaj
3 months

Aria Maleki
9 years and 4 months

Jefferson Maniscan
10 years

John McCall
1 year

Herzel Meiri
10 Years

Amir Meiri
5 Years

Mehdi Moarefian
4 years and 4 months

Christopher William Nelson
10 years (suspended) 5 years probation

Duy K. Nguyen
1 year

Dominic A. Nolan
6 months

Lynn Nunes
1 year

Yadira Padilla
4 years

Michael Paquette
1 year and 3 months

Michael Lewis Parker
6 years and 8 months

Iris Pelayo
4 years

Isaac Joshua Perez
10 years and 10 months

Andrew M. Phalen
1 year

Sabrina Rafo
5 years

Andrea Ramirez
18 years

Kevin Rasher
8 years and 1 month

James Reese
364 days (suspended)
3 years probation

Robyn Reese
364 days (suspended)
3 years probation

Owen Reid
1 year

Justin Romano
2 years

Glenn Steven Rosofsky
5 years and 3 months

Joshua Sanchez
12 years and 7 months

Jason Sant
6 years

Aminullah Sarpas
12 years

Scott Schreiber
Time served, 3 years supervised release

Jen Seko
7 years

Hamid Reza Shalviri
3 months

Daniel Shiau
4 years and 10 months

Howard Shmuckler
13 Years and 9 months

John D. Silva
8 months

Alan Tikal
24 years

Tamara Teresa Tikal
3 years and 9 months

Michael Trap
2 years and 6 months

Roscoe Ortega Umali
18 years and 4 months

John Vescera
1 year

Glen Alan Ward
11 years

Patthaya Wattanachinda
4 months

Kowit Yuktanon
1 year and 6 months

HOME CONFINEMENT

Danny Al-Saffar
Home Confinement

Samanth Boubert
Home Confinement

Matt Goldreich
Home Confinement

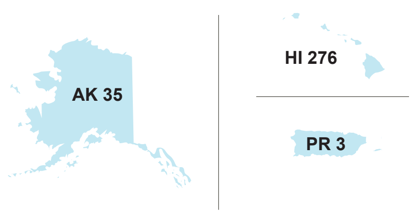
Dennis Lake
Home Confinement

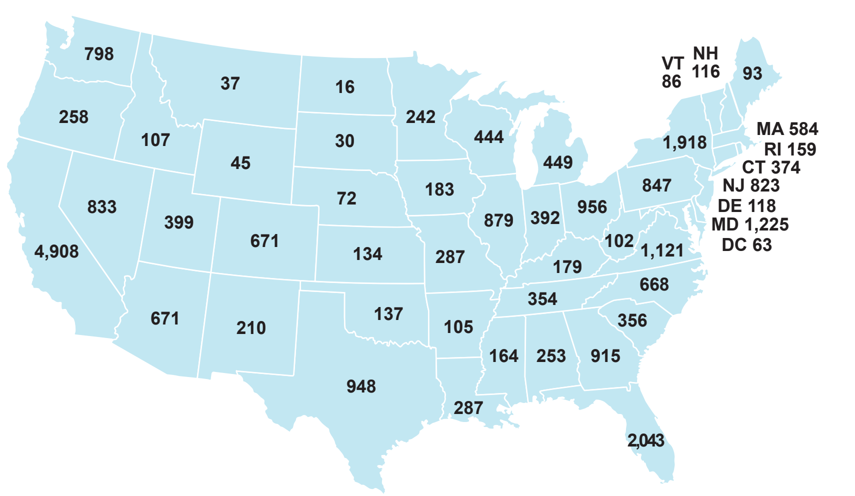
Mahyar Mohases
Home Confinement

Sarah Rosengrant
Home Confinement

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

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





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
91 CONVICTED* 74 SENTENCED TO PRISON
81 INDUSTRY BANS

BANKER CO-CONSPIRATORS

100 INDICTED
81 CONVICTED
67 SENTENCED TO PRISON

BORROWERS DEFRAUDING BANKS

58 INDICTED
53 CONVICTED
41 SENTENCED TO PRISON

As of March 26, 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 completed, 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 $12.063 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.

SIGTARP'S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Mexican National Sentenced to Prison in Operation Phantom Bank After RICO Conviction that Included Criminal Enterprise: (1) to Launder International Narcotics Trafficking Proceeds Including Through TARP Bank; and (2) to Buy TARP Bank to Conceal Money Laundering

In January 2021, a court sentenced Pablo Hernandez from Mexico to seven years and three months in prison after his conviction under the Racketeer Influenced and Corrupt Organizations (RICO) Act. In a separate investigation by the California Department of Justice in 2014, Hernandez was identified as a drug broker and money launderer for a drug trafficking organization considered to be an extension of the Sinaloa Cartel.

The DOJ charged 25 defendants in Operation Phantom Bank across six indictments. Hernandez, Emilio Herrera, and Tu Chau ("Bill") Lu, former CEO of Saigon National Bank, were charged in a December 2015 indictment. SIGTARP participated in their arrest. They were charged with violating the RICO Act by playing key roles in a series of schemes to launder drug proceeds. At the center of the schemes is Lu, 71, of Fullerton, California, who was president and CEO of Saigon National Bank from 2009 through January 2015. Saigon National Bank was in TARP from December 2008 until April 2017.

The indictment alleged that Lu and the other five defendants were members of a criminal organization involved in narcotics trafficking and international money laundering in countries including the United States, China, Cambodia, Lichtenstein, Mexico, and Switzerland. Lu allegedly used his insider knowledge, position at Saigon National Bank, and network of connections to promote and facilitate money laundering transactions involving members and associates of the enterprise. Several members of the organization established or engaged in separate money laundering schemes, but all the defendants allegedly worked with Lu, through him or at his direction.

Federal agents introduced a confidential source to Hernandez and co-defendant Herrera (who died post-indictment). Hernandez and Herrera sought to hire the government's confidential source to launder significant amounts of drug money from Mexico for their clients. Hernandez admitted having discussions with the confidential source about laundering cash for the Sinaloa Cartel for a fee. Hernandez also sought, along with Herrera, to buy Saigon National Bank with the help of Lu as another way to launder cash from Mexico.

In August 2011, at a restaurant in Westminster, California, Lu told Hernandez that he must listen about how to conduct the money laundering transactions so as to avoid the closure of any account used to receive cash deposits. At that same meeting, in discussing laundering drug money, Hernandez told the confidential source that his clients would like to deposit money each day in the United States in exchange for the confidential source sending the money back to Mexico for a fee. When Lu suggested sending the wire transfer to Panama rather than Mexico, Hernandez said Panama was not an option because his associates had previously lost $100 million in drug money after it was confiscated in Panama.

In the fall of 2011, Lu met with Hernandez at Saigon National Bank to make sure that Hernandez's name was not on financial watch lists that would prohibit Hernandez from opening a bank account. In October 2011, Lu told the confidential source that $2 million had already been laundered through Saigon National Bank and that he was worried about the government coming in for an audit.

In August 2012, Hernandez said they had tried to launder money through Saigon National Bank, but that when the account was closed, his associates had previously tried to buy Saigon National Bank, and that Lu had facilitated their purchase of one million shares. Hernandez admitted the purpose of buying the bank was to launder money. In August 2012, co-defendant Herrera stated he knew people who had $5 million in cash in the United States, and asked whether that cash could be used to become one of the shareholders in Saigon National Bank in order for him and Hernandez to continue their money laundering. SIGTARP was joined in the investigation by the FBI and the Criminal Division of the Internal Revenue Service (IRS). The U.S. Attorney's Office for the Central District of California is prosecuting the case.

Chief Executive Officer of Failed TARP Bank in Maryland Sentenced to Two Years in Prison for Fraud Conspiracy and Bribery, Becoming the 74th Banker Sentenced to Prison as a Result of SIGTARP's Investigation. Treasury Wrote Off More than $11 Million in TARP After the Bank Filed Bankruptcy.

On November 6, 2020, a federal court sentenced Mary Halsey, former president and chief executive officer of Cecil Bank of Rising Sun, Maryland, to two years in prison, followed by five years of supervised release and to pay $145,000 in restitution. Halsey was convicted of secretly orchestrating a fraud by using a straw buyer to acquire a house foreclosed upon by the bank, thereby acquiring the house for herself at a price significantly below its market value, and taking the house off of the bank's growing list of owned properties (OREOs) after the bank examiners expressed concern about OREOs. She lied to the bank's board of directors and a Federal Reserve Bank (FRB) examiner about her purchase. In February 2021, the court also sentenced Halsey's co-conspirator Daniel Whitehurst, the straw buyer, to time served in prison, two years supervised release, and to pay $72,500 in restitution. In a quid pro quo transaction, Halsey had the bank provide Whitehurst a $650,000 bank line of credit.

Halsey picked the worst time in Cecil Bank's history to devise and carry out her scheme. When Halsey started her fraud scheme in 2012, the bank had 89 employees and 11 branches throughout Maryland. Cecil Bank's parent company traded on NASDAQ. However, due to a poor economy and bad banking practices, by 2012 the bank had fallen on difficult times and it was in serious financial distress. In 2009, regulatory examination by FRB reflected multiple concerns about the bank's financial condition and its lack of risk management. The bank had experienced six straight quarters of net losses, and OREOs represented 9.22 percent of the bank's total assets.

Treasury invested $10.5 million in TARP in the bank in a program limited to "healthy banks." By October 12, 2011, the bank's condition had deteriorated even more and was labeled "critically deficient." Improperly accounting for the sale of OREOs was one of the many problems identified in the report, along with deficient liquidity.

After a second on-site examination at the bank, the FRB issued another report in August 2012, declaring the bank's situation had gotten worse and the level of problem assets and poor risk management threatened "the future viability of the bank." In addition, the bank's senior management implemented a revised Conflicts of Interest Policy that the FRB deemed inadequate. Consequently, the FRB required senior management to attend ethics training and certify that they had not voted on credit extensions in which "they have a personal financial interest, either directly or indirectly."

Halsey had been tracking and controlling the bank's foreclosure process in ways that guaranteed the property would be available to her at a greatly reduced price. Halsey also knew the bank had ways to dispose of OREO properties it wanted off its books without using a realtor. Halsey chose to reduce the number of employees who might scrutinize the steps she planned to take to effect the straw sale of the house. Halsey emailed an employee managing OREO properties and told him not to list the property with a realtor. She falsely claimed her son had a friend who might be interested in buying it. She recruited Whitehurst at a dinner where he was requesting a line of credit. She also gave money to Whitehurst to make improvements that she wanted. She planned to wait a period of time then buy the house from Whitehurst on the grounds that she liked his renovations.

Treasury wrote off approximately $11 million from its TARP investment in Cecil Bank after it filed for bankruptcy in 2017. SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of the Inspector General, the Federal Deposit Insurance Corporation Office (FDIC) of the Inspector General, the U.S. Attorney for the district of Maryland prosecuting the case, and the Small Business Administration Office of the Inspector General.

SIGTARP has multiple investigations related to Cecil Bank. In April 2019, Mehul Khatiwala pleaded guilty to conspiracy to commit bank fraud and to three counts of bank fraud in connection with a scheme to fraudulently obtain loans from Cecil Bank to purchase hotels and a multifamily residential property, resulting in losses of more than $3.5 million. In June 2019, Zahid Aslam was sentenced to two and a half years in prison for making false statements to financial institutions, including Cecil Bank.

Wall Street Supervisory Bond Trader at Nomura Securities Sentenced for Conspiracy to Commit Securities Fraud and Wire Fraud for Fraudulent Sales Practices in Sale of Residential Mortgage Backed Securities. Fraud at Nomura Included 161 Trades with Losses of $15.1 Million, Including Trades in TARP's PPIP Program. SEC Brought Parallel Civil Charges Against Nomura Traders and a $26.5 Million Case Against Nomura.

In December 2020, Michael Gramins, a former supervisory trader with Nomura Securities International was sentenced after his conviction at trial for fraud in the sale of residential mortgage backed securities (RMBS). The court sentenced Gramins to six months home confinement, probation, and 300 hours community service. Nomura was a securities and investment banking company that, among other things, engaged in the purchase, sale, and brokering of RMBS. Gramins was the executive director of Nomura's RMBS desk in New York. He principally oversaw Nomura's trading of bonds comprised of subprime and option Adjustable Rate Mortgage loans.

The RMBS market froze during the financial crisis, and in 2009, the Federal Government created TARP's Public Private Investment Partnerships (PPIP) program to buy and sell RMBS securities to help unfreeze the markets. RMBS is an opaque market. Because it is not on an exchange, buyers and sellers do not know the fair market value of RMBS bonds. Broker-dealers like Nomura facilitated trades between buyers and sellers of RMBS, including trades in the PPIP program.

In conducting oversight over the PPIP program, SIGTARP became the first to uncover a securities fraud scheme by some Wall Street bond traders in RMBS sales practices. In January 2013, SIGTARP arrested a Wall Street trader at Jefferies Financial Group who was charged by the U.S. Attorney for the District of Connecticut with fraudulent sales practices in RMBS designed to increase compensation. The SEC brought parallel civil action. Following this arrest, Special Inspector General Goldsmith Romero and United States Attorney David Fein requested that broker dealers review trades in the PPIP program and self-report if it was discovered their traders had engaged in similar conduct as that charged in the January 2013 indictment. Various firms self-reported to SIGTARP, including Nomura.

Nomura traders, including Gramins, often attempted to match a prospective buyer of a particular RMBS with a prospective seller of that RMBS (and vice versa), reaping a small commission in return – a practice called "order trades." Gramins and Nomura also engaged in Bids Wanted in Competition (BWIC) trades, wherein a putative seller sends a list of bonds potentially for sale to multiple broker-dealers, who then solicit expressions of interest and price ranges from potential buyers and bid in the auction for that particular security. Both order and BWIC trades fall within the "riskless" category because the broker-dealer has the potential buyer and potential seller already matched up at the time of the transaction. In both contexts, the broker-dealer typically obtains compensation for its "matching" efforts by selling the bond for slightly more than it paid for it. Industry participants refer to this difference as "commission," "pay on top," or "spread," and often negotiate the amount of the difference explicitly with their broker-dealer.

Gramins, his supervisor Ross Shapiro, and a third trader Tyler Peters, were indicted on September 3, 2015. A federal jury convicted Gramins of conspiracy after a six-week trial in June 2017, was a hung jury for Shapiro, and acquitted Peters. The U.S. Attorney's office entered into a plea agreement with a junior trader who testified at trial and several Non-Prosecution Agreements with other Nomura traders, some of whom testified at trial.

Between 2009 and 2013, Gramins engaged in a scheme and conspiracy to commit wire and securities fraud. Time and again, he lied to Nomura's customers during negotiations to buy and sell bonds in the opaque RMBS marketplace, inducing them to buy at higher prices, or sell at lower prices than they would have otherwise. Gramins' motive was not complex—he did it to make more money for Nomura's RMBS desk and, ultimately, for himself. Taking advantage of the opaque RMBS market, he expected to get away with lying. The testimony at trial showed that Gramins was motivated to lie to make more money for the RMBS desk which factored into his compensation.

There was trial testimony that Gramins continued to use the same tactics after the Jefferies indictment in January 2013 but took steps to conceal his conduct. In early February 2013, about a week after the indictment of the Jefferies trader, Nomura scheduled a compliance training session for traders and salespeople in its securitized products groups, which Gramins attended specifically to discuss the conduct at issue in the indictment. A Nomura employee testified at trial the "general focus of the session was if you say something, make sure it's accurate." The training session also operated as a "refresher" on principles from Nomura's compliance manual, including its prohibitions on making misrepresentations to clients. A junior analyst testified at trial that there was an increased use of the phone after the Jefferies indictment by everyone on the trading floor and affirmed that the head of compliance told employees to use the phones more, which at the time were not recorded.

Gramins' crime did not stop with his own conduct—he trained and helped others to do the same, ultimately resulting in millions of dollars of loss to victims. A former vice president at Nomura testified that he and other Nomura RMBS traders "would lie about where we were actually buying or selling securities to clients" in order to "increase the profit for Nomura." The vice president testified such misrepresentations induced Nomura's counterparties to adjust their bid or offer prices because counterparties "typically only had the information that we were giving them regarding price," and thus "basically had to take our word when it came to the actual price on the bond." The former vice president testified that he had originally learned these deceptive tactics from Gramins and that he had observed Gramins engage in them. The former vice president and another associate testified that Nomura's RMBS traders would engage in these tactics to defraud their clients "every time the opportunity presents," with the associate testifying that he believed it to occur "on a daily basis."

One former junior analyst at Nomura explained that Gramins and others would "misrepresent...prices to clients," for instance by "tell[ing] the seller that we were seeing a bid that was lower than what the bidder had actually bid," or "tell[ing] a bidder that we had an offer that was higher than the offer actually was." That junior analyst testified that the effect of these representations "was to get either one side or both sides to lower their offer [to sell] or increase their bid [to buy]," thereby "increas[ing] the spread or money that Nomura earned on the trade." He testified that Gramins taught him to engage in these deceptive tactics and that he had observed Gramins engaging in them himself.

In total, SIGTARP's investigation has revealed that the conspiracy executed 161 fraudulent trades, which caused a total of $15,262,651.93 in fraud loss, including in the PPIP program. These figures are limited to fraudulent trades negotiated by the conspirators in writing or over a recorded phone line.

This case was investigated by SIGTARP, the FBI, the U.S. Department of Labor's Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, and the Federal Housing Finance Agency's Office of Inspector General. The criminal case was prosecuted by the U.S. Attorney's office for the District of Connecticut.

In a parallel civil case, the SEC also charged Gramins and Shapiro, along with others from Nomura. The SEC's case against Gramins is pending. Shapiro settled with the SEC. The SEC barred Shapiro from the industry for two years and fined him $200,000. The SEC also charged Nomura with failure to supervise its traders in July 2019. Nomura resolved the SEC's charges by paying approximately $25 million in restitution to customers for its failure to adequately supervise traders in mortgage-backed securities, and an additional $1.5 million in penalties. The SEC noted that Nomura had engaged in substantial cooperation including improving its surveillance procedures and other internal controls.

Senior Loan Officer and Executive Vice President in TARP Bank in Georgia and Two Co-Conspirators Indicted for Fraud

In February 2021, Michael Craig Brewster of Huntsville, Alabama, former senior loan officer and executive vice president at River City Bank in Rome, Georgia, was indicted on charges of bank fraud conspiracy, bank fraud, and false statement in a loan application. Co-conspirators Edmond Cash and LaDonna Barton were also indicted. 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 at a loss. According to the indictment, Brewster and his co-conspirators were 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 Barton was his company's employee and investor in the development. Cash and his business partners allegedly were past due on several loans taken out from River City Bank.

According to the indictment, Brewster, 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 overdue payments on loans that he and his business partners owed to the bank. One day after the bank disbursed the loan proceeds to Barton, Cash allegedly made past due payments on loans he and his business partners owed to the bank, paid operating costs for Longbranch Lakes, then he and Barton pocketed the remaining loan proceeds.

Due to his position at the bank, Brewster is alleged to have been able to push the loan application through for approval despite knowing of the false statements in the application. SIGTARP was joined in the investigation by the FDIC of the Inspector General. The U.S. Attorney for the Northern District of Georgia is prosecuting the case.

Owner of Real Estate Development Company in Illinois Convicted After Being Charged in 2014 of Defrauding Bank While it was in TARP in a Construction Loan to Build Chicago Condominiums

On November 13, 2020, See Y. Wong, the owner of Emerald Homes, an Illinois real estate development company, was convicted of wire fraud for defrauding TARP recipient, Cathay Bank. In December 2008, Treasury invested $258 million in TARP in Cathay Bank. Beginning in the summer of 2009 through the fall of 2011 while the bank was in TARP, Wong defrauded the bank in a $13.7 million loan to finance construction of a condominium project called Canal Crossing in Chicago. Cathay Bank lost approximately $1.8 million. The bank was not able to repay TARP until 2013.

Cathay Bank paid out more than $4 million under the loan based on false representations by Wong. The bank's contract with Wong required that he put buyer deposits into an escrow account at the bank. Instead, Wong misappropriated buyer deposits to fund his portion of construction costs and a personal loan to a friend, knowing that the bank would not have made payments if they had known the truth. Wong defrauded potential victim buyers and the bank by offering buyers 40-50 percent discounts if they paid upfront and altering the documents he gave to the bank to hide the discount. Wong instructed certain potential victim buyers that they could not disclose the discount they were getting to anyone so that he could continue to hide the vastly discounted purchase from the bank.

SIGTARP was joined in the investigation by the FBI. The U.S. Attorney's Office for the Northern District of Illinois is prosecuting the case.

New Jersey Business Owner Convicted After Being Charged Along with Former CEO and Chairman of First State Bank in New Jersey with Elaborate Scheme to Defraud the FDIC About the True Health of the Bank After the Bank Applied for Millions in TARP. The Bank Later Failed.

On February 17, 2021, Gary Ketchum, the principal of multiple companies in the insurance field, was convicted after pleading guilty to one count of conspiring to make false entries to deceive First State Bank (FSB) and deceive the Federal Deposit Insurance Corporation (FDIC).

Former CEO of FSB Joseph Natale, Albert Gasparro, owner, Primamanagement, LLC, and Ketchum were charged in October 2018 with conspiracy to mislead the FDIC and FSB, and misleading those two entities, and Natale and Gasparro were charged with conspiracy to commit bank fraud and bank fraud in a 13-count indictment. Ketchum was charged in a superseding indictment with conspiracy to defraud the FDIC. Donna Conroy, the attorney who served as outside counsel to FSB, pleaded guilty in May 2017 and is awaiting sentencing. Natale is scheduled for trial in November 2021. The charges against Gasparro remain pending.

In November 2008, the bank applied for $6.4 million in TARP's Capital Purchase Program that was for "healthy" banks, only to withdraw the application weeks later. By 2009, the FDIC and state regulators had given FSB poor ratings, which increased FSB's operating expenses and put it at risk of intervention and possibly closure. The regulators were particularly concerned that the bank had inadequate capital levels. Natale allegedly stated that the regulators' concern could be remedied by raising $7 million in capital, but that the bank could not attract investors to buy bank stock.

The superseding indictment alleges that Natale, Gasparro, Ketchum, Conroy and unnamed co-conspirators engaged in a three-part fraud to deceive the FDIC and the bank about the financial health of the bank. According to the indictment, the first part was a sham capital raise. Natale, Gasparro, Ketchum, Conroy and others created the appearance that $7 million in new capital had been invested into FSB by bona fide purchasers when, in fact, it was nominee investors and FSB's own funds. FSB was defrauded into paying Gasparro $715,000 in a finder's fee, who then split that money with Natale. The second part of the conspiracy was to conceal the fraud from auditors, which included Ketchum issuing insurance policies. The third part was to conceal the fraud from the FDIC and state regulator, with the defendants misrepresenting the true facts underlying this misconduct to the FDIC and FSB during a regulatory exam. When questioned by FSB and the FDIC about the insurance policies, Ketchum affirmatively concealed that the property pledged as security to obtain the policies was 1.4 million shares of FSB stock. The bank failed in 2011.

SIGTARP was joined in the investigation by the FBI and the FDIC Office of Inspector General. The U.S. Attorney's Office for the District of New Jersey is prosecuting.

SIGTARP'S OVERSIGHT OF THE HARDEST HIT FUND

"SIGTARP investigates and supports prosecution of corruption, fraud, and environmental/safety crimes that occurred in demolitions of blighted properties under the Hardest Hit Fund. We also continue to bring justice to individuals who defrauded the HHF mortgage assistance program including convictions and defrauded funds recovery – important oversight given the surge in applications during the COVID-19 pandemic. Our auditors help ensure that the assistance effectively reaches those intended to be helped, by identifying obstacles, roadblocks, and past spending by participating state agencies that constitutes waste, abuse or violations of program rules."

-Special Inspector General Goldsmith Romero

SIGTARP'S OVERSIGHT

SIGTARP conducts oversight through investigations and audits of the EESA's $9.7 billion HHF, which is ongoing and served as a model for the American Rescue Plan Act's $9.961 billion Homeowner Assistance Fund (HAF). HHF, announced by President Obama in 2010, and expanded in 2016 by Congress (who moved $2 billion to HHF from HAMP), provides $9.7 billion to 19 state housing finance agencies to address ongoing local housing needs. In addition to the $9.7 billion initially authorized, 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. This additional funding has already totaled $495 million, a figure that continues to grow.

Continued oversight by SIGTARP over HHF is critical now as many homeowners, struggling during the pandemic, are turning to HHF for mortgage assistance.

In April 2020, SIGTARP recommended that Treasury shift HHF to address ongoing housing needs related to the COVID-19 pandemic, a recommendation that Treasury implemented. There was a surge in applications, with 7,673 homeowners applying for HHF in 2020. In the last year, 74,807 homeowners have received HHF assistance.

We combat fraud, waste and abuse that can hurt HHF's goals of preserving homeownership and neighborhood stabilization. Additionally, our record provides lessons learned for the new HAF program which involves all state housing finance agencies, including those in HHF. Treasury's Office of Inspector General has oversight over HAF.

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 take time to investigate and prosecute though 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 Attorneys General) from bringing justice and accountability to individuals or entities who 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 Treasury had implemented SIGTARP's prior audit recommendations, including:

- SIGTARP recommended that Treasury implement controls to mitigate the risk of contaminated dirt, asbestos exposure, and illegal dumping in HHF blight demolitions;
- SIGTARP recommended that Treasury apply the full federal procurement regulations to mitigate the risk of corruption and often anti-competitive actions in demolition contracts; and
- SIGTARP recommended that Treasury increase its program oversight, including obtaining the identification, contracts, and EESA funds paid to the more than 2,000 program partners and contractors conducting demolitions in the program.

SIGTARP has a number of ongoing confidential criminal investigations and is working actively with United States Attorney Offices, main DOJ, and state Attorneys General offices. Public results of our investigations include:

- 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 2020, the head of a major Detroit demolition subcontractor and the subcontractor itself was ***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 who issued the bar 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 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 who 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 official's house and that the official did not pay for that work.

- 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. DOJ charged the contractor, who was convicted in FY 2021, of ***fraud related to illegal dumping of the demolition debris*** in unknown locations enabling him to avoid the registered facility fee. The contractor admitted to submitting fraudulent disposal, dumping, and clean fill dirt documentation.

- In FY 2020, SIGTARP agents arrested an Indiana contractor who DOJ charged with theft for HHF demolitions in Logansport, Indiana. The charges allege that the contractor submitted false and fraudulent documents between 2015 and 2017, confirming that he properly disposed of demolition debris. The indictment alleges that the contractor ***improperly disposed of demolition debris*** on-site.

- 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 2020-2021. Individuals prosecuted come from California, Indiana, Illinois, Ohio, Georgia, Michigan, and South Carolina. Some of our investigations and prosecutions have been delayed due to the COVID-19 pandemic because of closed courts, travel restrictions, and difficulty in interviewing witnesses.

SIGTARP AUDITS

SIGTARP audits have improved the effectiveness and efficiency of HHF mortgage assistance programs by reporting on poor program performance (and in one case mismanagement) by individual state agencies and identifying obstacles to the timely distribution of assistance. SIGTARP audits 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 recommended specific 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 funds lost to waste and abuse, and deterred 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 audits of HHF mortgage assistance programs and lessons learned

In April 2020, SIGTARP recommended that Treasury put to better use available funds in HHF and HAMP to address COVID-19-related unemployment and other hardships, which Treasury implemented. Many state agencies have since used HHF to provide mortgage assistance for pandemic-related hardships.

EESA's HHF funding has provided considerable relief during the pandemic for homeowners in many states. Treasury extended the HHF spending deadlines until at least December 2021 or later. Treasury has been approving state agencies to use HHF to address COVID-19-related unemployment or other hardships. Several other HHF state agencies are addressing the pandemic in ways that did not require Treasury approval.

Three state agencies (California, South Carolina, and Illinois) shut down HHF during the pandemic and returned approximately $106 million to Treasury. Treasury deobligated those funds rather than put these funds to better use in other states, despite SIGTARP's recommendation to the contrary in April 2020. Treasury also deobligated $559 million in HAMP rather than seeking Congressional approval to apply it to HHF as SIGTARP recommended, given that Congress took similar action in 2016

Other notable SIGTARP audits include the following (which serve as lessons learned to the new HAF program):

- <u>Two years of delays in providing assistance</u>: SIGTARP reported in 2012 that after two years Treasury had spent only three percent of the funds and had only reached seven percent of homeowners estimated to be helped by the program. SIGTARP identified specific factors causing delay including, among other factors, a lack of large servicer participation for nine months as servicers wanted to negotiate for one standard set of requirements rather than state-by-state requirements and waited for government-sponsored enterprise (GSE) guidance. SIGTARP reported on Treasury's lack of timely action to enlist servicer support and secure GSE guidance. Treasury did not require state agencies to have meaningful and measurable performance goals, with interim milestones for program performance.

- Mismanagement in Georgia HHF: SIGTARP worked closely with the late Congressman John Lewis to expose mismanagement by the Georgia state agency who "guarded" mortgage assistance for unemployed homeowners, resulting in the agency turning away two-thirds of all applicants, including high percentages of Georgia homeowners in minority neighborhoods. In working with Congressman Lewis and Atlanta Legal Aid, SIGTARP identified overly strict criteria, a difficult and confusing online application process, and so much red tape between federal dollars and their intended recipients that one housing counselor suggested HHF only as a last resort. For example, the agency required Georgians within 30 days to get the IRS to issue and stamp a tax transcript for four years of taxes and to get their mortgage servicer to provide two years of payment history. Both were difficult to get within 30 days and not required by other HHF states. The state agency refused to consider common hardships, such as military orders, divorce, illness, or death of a spouse, all of which can impact unemployment or underemployment and make it difficult to pay a mortgage on time. The lack of a qualifying hardship was the top reason why the agency denied homeowners.

- Overly strict criteria led to 12 state agencies turning away almost 3/4 of low-income homeowners: SIGTARP identified in January 2017 that nearly three out of four homeowners denied made less than $30,000 in 12 HHF states. In cities where General Motors – which received $50 billion in TARP funds – or its suppliers closed plants or laid off workers, denial rates of those earning less than $30,000 were 82 percent in Detroit, 89 percent in Cleveland, 85 percent in Flint, Mich., 83 percent in Saginaw, Mich., and 91 percent in Dayton, Ohio. SIGTARP recommended that Treasury remove unnecessary program criteria, make state agencies track why each person was denied, and let workers facing an upcoming layoff be eligible immediately before they fall behind on their mortgage to help save homes until full-time jobs returned.

- Florida was the highest underperforming state agency in HHF only accepting 20 percent of those who applied: In 2015, SIGTARP identified that Treasury had no targeted admission rate for HHF, and that Florida HHF only admitted 20 percent of all who applied – the lowest of any state. SIGTARP identified that the Florida agency had significant delays processing applications, taking a median of nearly six months, and nine to ten months for seniors. SIGTARP identified that 46 percent of all seniors had their application withdrawn, and recommended help that seniors needed to find documents and navigate an online application.

SIGTARP audits of the HHF blight demolition program and lessons learned

- HHF was abused to reimburse the demolition of lived-in houses on a desired relocation lot for a car dealership: In 2015, SIGTARP found that Indiana HHF selected and approved for demolition, lived-in houses on a desired relocation space for a car dealership, and used HHF to reimburse the demolition of those houses. Treasury implemented SIGTARP's recommendation to limit HHF-funded demolitions to abandoned houses.

- Demolition risks of hazardous material exposure, contaminated soil, and illegal dumping: In 2017, SIGTARP warned of significant risks for blight demolitions of asbestos and other hazardous material exposure, contaminated soil, and illegal dumping in Michigan. In March 2020, in a follow-up audit requested by Michigan Congresswomen Brenda Lawrence and Rashida Tlaib, SIGTARP found that the Michigan state housing agency had made significant progress in implementing SIGTARP's recommendations from 2017. Steps taken by the Michigan agency included withholding payment until it receives documents that help verify demolitions were completed appropriately and legally, including: inspection reports of open holes to confirm all debris has been removed; waste manifests to protect against illegal dumping; and proof that clean dirt filled the hole. SIGTARP warned in 2020 that continued vigilance is necessary as risk remains. Contractors throughout the program have violated laws and rules on exposure to hazardous materials, the proper disposal of debris, and the use of clean dirt. Some are repeat offenders. Additionally, soil samples of four properties examined by the Army Corps of Engineers on behalf of SIGTARP found elevated levels of arsenic consistent with expectations for an urban area, backfill that did not meet contract specifications, brick pieces and other debris in fill material, properties that did not meet fill depth below grade requirements, and backfill that did not appear to be compacted appropriately.

SIGTARP audits identified waste, abuse, & questioned costs and lessons learned

- Waste in Nevada HHF: In a September 2016 audit, SIGTARP identified $8.2 million in waste, abuse, and questioned costs. (After the audit, Treasury only required one percent of these funds to be repaid.) Meanwhile, the Nevada state agency all but stopped letting homeowners in need into the program to receive assistance. Already low numbers of Nevada homeowners admitted to HHF plummeted by 94 percent from 2013 to 2015 (only admitting 117 homeowners in 2015). In 2015, the Nevada state agency kept nearly one HHF dollar for itself for every HHF dollar it provided to a homeowner. For six months in that year, it kept more HHF money for itself than it distributed to homeowners. The $8.2 million in waste and abuse SIGTARP found included:

    - $11,000 for the CEO's car allowance for a Mercedes Benz;
    - $20,000 for severance to the terminated CEO;
    - $10,964 spent on employee bonuses, employee gifts, employee outings, staff lunches and other employee perks, including a massage gift certificate, a baby gift, Amazon gift cards, regular lunches and food, birthday cakes, a retirement cake, an expensive fruit basket;
    - SIGTARP found that the Nevada Affordable Housing Assistance Corporation (NAHAC) used HHF funds to treat their employees to extravagant gifts and perks, all of which was charged to HHF. NAHAC spent these funds at restaurants, a casino, a country club, on catering and employee gifts, and on an executive's bonus. Establishments where funds were spent include Herbs & Rye (named the nation's best "high volume cocktail bar) and the Dragon Ridge Country Club and Golf Course which provides "championship golf, luxurious amenities and elegant service;"
    - $5,811 spent for holiday parties and gifts, including gift certificates for movies and restaurants;
    - $100,385 wasted on excessive rent after relocating to the $130 million City Hall building in North Las Vegas, described as the "Taj Mahal" in the press, nearly doubling the rent it paid for even more space than it needed, and then later violating that lease and relocating to a cheaper space;
    - $184,319 spent on legal expenses to defend violations and alleged violations of the law. HHF funds were used to pay lawyers to settle a federal investigation by the Department of Labor who found that NAHAC violated Federal law, employee discrimination lawsuits (block-billed at $123,217), for an ethics investigation (block-billed at $18,160);
    - $26,396 to pay for forensic auditors to reconcile its books. Careless record keeping led to the accounting books being such a mess that accountants and auditors had to recreate them, with their fees charged to HHF;
    - $10,812 for the independent auditor to reconcile non-HHF bank accounts;

  - $10,840 spent on non-HHF expenses identified by Treasury;
  - $23,838 identified by Treasury as unsupported and non-HHF expenses;
  - $2,241,396 in wasted excessive administrative expenses during 2015 which exceeded the per-homeowner-cost in 2013; and
  - $7,459,626 in overhead during the time that NAHAC had all but stopped helping homeowners.

- State agencies wasting $3 million on employee perks, unnecessary travel, and conferences: In an audit requested by Senator Charles Grassley, SIGTARP issued reports in 2017 and 2019 finding additional waste by state agencies as well as spending that violated federal cost regulations. One agency spent $2,500 for a motivational speaker who spoke on “Motivation by Chocolate.” Additional waste included: $5,589 spent on a “Thank You” dinner for 160 people, catered barbeques for all employees, $13,000 to hold trainings at local zoos as the funds were running out, and travel to conferences at resort destinations unrelated to HHF. One state agency used HHF to pay for gym memberships for their employees. Flowers, a piñata, balloons, a fruit basket, were charged to HHF. The first recipient of the new money Congress authorized in 2016 were state agency employees. One employee received a $50 Visa gift card while one state agency bought lunch at a restaurant to “to celebrate getting new HHF funds and an employee’s upcoming wedding.”

- No requirements for competition in contracts: In 2018, SIGTARP found that most of the $9.6 billion HHF lacked federal requirements for competition, even though millions of dollars in contracts have been awarded. The only exception was one-sentence guidance applicable solely to blight demolitions added just before the audit report. SIGTARP found that the contractor running Nevada’s HHF program recently awarded six figure contracts without request for proposals—a violation of the contractor’s own policies. SIGTARP recommended that Treasury apply the federal procurement standards that applied to grants just as it had applied federal cost standards. Treasury did not implement the recommendation.

- Preventing fraud and waste through homeowner periodic certifications of continued eligibility: In August 2019, SIGTARP recommended that Treasury require state agencies to require homeowners receiving mortgage assistance to recertify at least quarterly as to their continued eligibility. SIGTARP’s investigations have led to prosecutions of homeowners who continued to receive monthly assistance after having become ineligible. Treasury implemented this recommendation on a biannual basis. Given the recent surge in applications in 2020 and 2021, this important control will help deter future fraud and waste. However, a quarterly re-certification will deter more fraud and waste.

The Last Year Had a Surge in Activity as State Agencies Have Been Using the HHF to Address COVID-19-Related Unemployment and Other Hardships, Which Will Be Subject to SIGTARP's Current and Future Oversight Work.

The recent surge of activity in 2020 is subject to oversight. Much of this will be SIGTARP’s future work given SIGTARP’s existing investigative caseload. Treasury extended program deadlines for spending until December 31, 2021, and possibly later. There remains $331.2 million unspent, including Treasury disbursements as well as interest income, and recoveries from liens on HHF properties sold before the forgiveness period expired, and payments resulting from SIGTARP investigations.

ALABAMA - $59.4 million available

In 2020, the Alabama agency reported receiving $232,531 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Alabama agency provided $6.43 million in assistance to homeowners.

The Alabama state agency opened the Mortgage Payment Assistance program in May 2020, following Treasury approval, recognizing "mass unemployment due to the COVID-19 pandemic" as a hardship, and limiting HHF to only borrowers with a hardship after March 1, 2020. According to the state website, "…in the midst of the COVID-19 pandemic, Hardest Hit Alabama (HHA) reopened to help Alabama families facing temporary financial hardships keep their home. HHA provides short-term mortgage payment assistance to those who have experienced a loss of employment or substantial reduction in household income." Homeowners who have received unemployment benefits during, or after, March 2020 or experienced a 10 percent loss of income may qualify. Funds will be disbursed to servicers for up to 12 months, not to exceed $30,000.

Alabama reported providing:

- In the third quarter ending September 30, 2020, $1.1 million in assistance was provided to existing and 124 new homeowners in the third quarter (including 83 unemployed and 41 underemployed) to 124 homeowners in the HHF Loan Modification Assistance program, and

- From October 1 to December 31, 2020, $1.95 million in assistance was provided to existing and 169 new homeowners (including 122 unemployed and 47 underemployed). No funds were issued in the HHF Loan Modification Assistance program.

Almost all the homeowners had an income under $50,000. The program is no longer accepting applications.

ARIZONA - $9.6 million available

In 2020, the Arizona agency reported receiving $6.33 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Arizona agency provided over $6 million in assistance to homeowners in the Save Our Home Arizona Program. Save Our Home Arizona is an open HHF program that offers unemployment and underemployment mortgage assistance, principal reduction and second lien elimination. Assistance includes paying a homeowner's mortgage for up to 12 months, capped at $100,000.

In its most recent quarterly reports, the state agency stated, *"The economic events related to COVID-19 has resulted in an increase of requests for Un/Underemployment mortgage assistance as anticipated."* Governor Ducey's April 1, 2020 press release, "Providing Relief to Arizonians Impacted by COVID-19," cites the Save Our Home AZ program. *Assistance Options for Homeowners Impacted by COVID-19.*

In March 2021, Arizona reallocated $2 million from its administrative expense budget into its Down Payment Assistance program. According to the Arizona agency, these funds will lead to approximately 120 borrowers receiving assistance. Arizona's request for these program changes was the result of demonstrable shifts in local economic conditions and its expectation that unemployment will remain high due to the COVID-19 pandemic.

Arizona reported providing:

- In the third quarter ending September 30, 2020, $979,086 was provided in assistance to 42 borrowers, including 35 in the unemployment and underemployment program; 80 percent of which were delinquent on their mortgage by 90 days or more, and

- From October 1 to December 31, 2020, $600,862 was provided in assistance to 42 borrowers, including 39 in the unemployment and underemployment program; 64 percent of which were delinquent on their mortgage by 90 days or more.

DISTRICT OF COLUMBIA- $6.3 million

In 2020, the District of Columbia reported receiving $93,634 in lien recoveries that get recycled back into the program. In 2020, the DC agency provided $280,277 in assistance to homeowners under the HHF HomeSaver DC program. It is not clear from the DC agency's reporting how many homeowners received that assistance.

In January 2021, the HHF HomeSaver DC program was reopened. With over $6 million in remaining funds, DC estimates it can approve up to 90 additional borrowers by July 30, 2021.

In April 2021, Treasury approved DC for two changes to the HHF HomeSaver DC program to address a backlog of applicants. First, the requirement that borrowers must be receiving or have received unemployment benefits to be eligible for assistance was changed to require that borrowers must have become unemployed through no fault of their own. Second, the reinstatement of non-escrowed homeowner association dues was allowed.

DC reported providing:

- In the third quarter ending September 30, 2020, the agency provided $45,623 in assistance to an undisclosed number of homeowners in the HomeSaver program.
- In the fourth quarter ending December 31, 2020, the agency provided $27,768 to an undisclosed number of homeowners in the HomeSaver program.

GEORGIA - $13.2 million available

In 2020, the Georgia agency reported receiving $3.89 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Georgia agency provided $25.9 million in assistance to homeowners and homebuyers.

As of March 31, 2020, the Georgia agency closed its HomeSafe Georgia program to new applicants. This program provided a one-time $50,000 payment to a lender to reinstate a delinquent mortgage. The Georgia agency accepted applications through the end of August for the Georgia Dream homebuyer program, which provides $15,000 in down payment assistance to first time homebuyers.

Georgia reported providing:

- In the third quarter ending September 30, 2020, the Georgia agency provided $4.8 million in down payment assistance to existing and 322 new homebuyers, and $1.3 million to reinstate delinquencies for existing and 84 new homeowners (almost all of who were delinquent 90 days or more).
- From October 1 to December 31, 2020, the Georgia agency provided $4.4 million in down payment assistance to 294 first time homebuyers. During that same quarter, the Georgia agency provided $1.5 million to existing and 96 new homeowners (unemployed, underemployed, medical condition, etc.). Nearly all (97 percent) of the 96 homeowners were delinquent on their mortgage 90 days or more.

ILLINOIS- $11.3 million available

In 2020, the Illinois agency reported receiving $7.15 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Illinois agency provided $22.75 million in assistance to homeowners and homebuyers.

In 2020, the Illinois HHF program provided $7.94 million in down payment assistance for first time homebuyers, after closing the HHF Homeowner Emergency Loan Program (HELP) to new applicants on April 30, 2019. That program provided up to 12 months of mortgage assistance, capped at $35,000 for homeowners who were unemployed, underemployed or had a loss of income due to a health condition, death of a spouse or divorce.

Illinois reported providing:

- In the third quarter ending September 30, 2020, $50,000 was provided in assistance to one homeowner through the Home Preservation Program, and $285,000 provided to existing and 38 new borrowers in down payment assistance.

- From October 1 to December 31, 2020, $45,695 was provided in the Home Preservation Program, and $3.95 million provided to 526 borrowers in down payment assistance.

During the third and fourth quarters, Illinois provided $168,378 to demolish six blighted properties.

Illinois closed its HHF program on December 3, 2020. The state agency returned $11.9 million to Treasury, consisting of $6.3 million in lien recoveries and $5.6 million in unused administrative expenses.

INDIANA - $23.5 million available

In 2020, the Indiana agency reported receiving $2.36 million in lien recoveries that get recycled back into the program. In 2020, the Indiana agency provided $11.94 million in assistance to homeowners, and $5.83 million to fund the demolition of 270 blighted properties.

In the first quarter of 2020, when the HHF Unemployment Bridge Program was only open to existing participants, the agency provided $2.75 million to existing and 185 new homeowners – 92 percent were 90 days or more delinquent on their mortgage. The program provides up to six months of mortgage payments, or $30,000, to catch up on missed payments to those who lost employment or employment income.

On April 6, 2020, following Treasury approval, the Indiana agency reopened the program to new applicants due to financial hardships resulting from the COVID-19 pandemic. The Indiana HHF website describes the program reopening, *"The COVID-19 pandemic has financially impacted thousands of Hoosier families. The HHF program provides assistance to homeowners who are experiencing an involuntary loss of employment or reduction in employment income."*

Indiana reported providing:

- From April through June 30, 2020, $2.1 million in payments was provided to and helped existing and 148 new homeowners – 85 percent were 90 days or more delinquent. Most of the homeowners suffered from unemployment or underemployment. The next highest category of hardships was loss of income due to a medical condition.

- From July 1 to September 30, 2020, $1.8 million in payments was provided to and helped existing and 191 new homeowners, 72 percent were 90 days or more delinquent and $483,114 in the blight elimination program.

- From October 1 to December 31, 2020, $2.6 million in payments were provided to and help existing and 194 new homeowners, 71 percent were 90 days, or more, delinquent and $2.8 million was spent demolishing blighted properties.

KENTUCKY - $24.8 million available

In 2020, the Kentucky agency reported receiving $2.19 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Kentucky Housing Corporation provided $790,887 in assistance to homeowners and homebuyers.

On April 2, 2020, following Treasury approval, the Kentucky Housing Corporation reopened the HHF Unemployment Bridge Program to pay six months of a homeowner's current mortgage payments and all other mortgage-related expenses during their time of unemployment or underemployment, capped at $10,000. In a press release, it was noted, *"In light of the financial hardships faced by many Kentucky homeowners due to the COVID-19 pandemic, Kentucky Housing Corporation (KHC) is reactivating its Unemployment Bridge Program (UBP) for a limited time, effective immediately. KHC has funding available to help approximately 1,500 homeowners with this program."* Prior to that, it only provided assistance for homebuyers, not homeowners (providing $270,000 in down payment assistance for 24 homebuyers in the first quarter of 2020). The Kentucky agency did not provide down payment assistance to homebuyers during the final two quarters of 2020.

Kentucky reported providing:

- In the third quarter ending September 30, 2020, $236,584 in assistance was provided to existing and 45 new homeowners, of these 32 were unemployed, 10 were underemployed, and three had medical conditions.

- From October 1 to December 31, 2020, $246,886 in assistance was provided to existing and 32 new homeowners, of these 24 were unemployed, six were underemployed, and two had medical conditions.

MICHIGAN - $9.9 million available

In 2020, the Michigan agency reported receiving $1.85 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Michigan agency provided $12.3 million in assistance to homeowners and homebuyers, and $47.67 million to fund the demolition of 2,493 blighted properties.

Step Forward Michigan's HHF program known as Loan Rescue closed to new applications on October 31, 2020 after providing critical aid to homeowners suffering a hardship due to the COVID-19 pandemic. The website reported, *"Yes, COVID-19 is considered an eligible program hardship for our existing mortgage, property tax, delinquent condominium fees reinstatement program, Loan Rescue. You [MI homeowners] must document that your unemployment or underemployment was directly related to the COVID-19 crisis and prevented you from being able to pay your monthly* *mortgage payment."* The program provided interest-free loans of up to $30,000 to assist with mortgage payments, property taxes, and/or condominium association fees. These loans are forgivable at 20 percent each year, provided the property remains the homeowner's primary residence for five years.

Michigan reported providing:

- In the third quarter ending September 30, 2020, $1.2 million in assistance was provided to existing and 136 new homeowners under the Loan Rescue program, 97 percent of those struggling homeowners were delinquent on their mortgage 90 days or more, and 78 percent had incomes under $50,000. The same quarter, the Michigan agency provided $45,000 in down payment assistance to three homebuyers.

- From October 1 to December 31, 2020, $731,790 in assistance was provided to 77 homeowners under the Loan Rescue Program, 97 percent of those struggling were delinquent on their mortgage 90 days or more, and 75 percent had incomes under $50,000. Also, in the last reported quarter, the Michigan agency provided $15,000 in down payment assistance to one homebuyer.

MISSISSIPPI - $24.6 million available

In 2020, the Mississippi agency reported receiving $203,327 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Mississippi agency provided $6.48 million in assistance to homeowners and paid $255,634 to fund demolitions of 23 blighted properties in Columbus, Jackson, Shaw, and Drew.

On April 15, 2020, Governor Reeves announced the reopening of the HHF Home Saver Program to provide short-term mortgage assistance to those who have lost employment or income due to the COVID-19 pandemic. The program pays a homeowner's mortgage for 12-24 months. Governor Reeves said, *"I saw firsthand the homes that were lost to the tornadoes this weekend. It breaks my heart. There are more who are at risk of losing their homes to our nation's economic crisis. We can't stop the wind from blowing, but we can try to stop more from losing these homes."* The deadline for new applicants closed on August 31, 2020.

Mississippi reported providing:

- In the third quarter ending September 30, 2020, the Mississippi agency provided $1.95 million in assistance to existing and 193 new homeowners under the Home Saver program, nearly all of whom had incomes under $50,000.

- From October 1 through December 31, 2020, the Mississippi agency provided $2.49 million in assistance to existing and 221 new homeowners, 97 percent of whom had incomes under $50,000.

NEVADA - $8.2 million available

In 2020, the Nevada agency reported receiving $1.04 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Nevada agency provided $11.7 million in assistance to homeowners and homebuyers.

On April 7, 2020, following Treasury approval, Nevada reopened its HHF unemployment program to new applicants through October 2020. The Nevada Affordable Housing Assistance Corporation, which administers the program, states, *"The program helps homeowners who have lost their job through no fault of their own, specifically due to the COVID-19 outbreak and are receiving Nevada State Unemployment Insurance Benefits."* The Unemployment Mortgage Assistance Program provides up to $3,000 of the monthly mortgage payment up to a total of $9,000.

Nevada reported providing:

- In the third quarter ending September 30, 2020, $9.3 million in assistance was provided to 560 borrowers, and the agency spent $587,280 on administrative expenses, outreach and counseling.

- From October 1 through December 31, 2020, $1.07 million in assistance was provided to existing and 226 new homeowners, 95 percent who have incomes below $50,000.

To address the backlog of applications since Nevada reopened its HHF program, the Nevada agency removed the requirement that borrowers submit proof of unemployment prior to receiving assistance. Now, borrowers who were unemployed when they applied and later became re-employed during the assistance period are no longer required to submit proof of unemployment prior to receiving assistance. Per the agency's website, the program is at capacity.

NEW JERSEY - $27.4 million available

In 2020, the New Jersey agency reported receiving $4.62 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the New Jersey agency provided $10.76 million in down payment assistance to existing and 1,078 new homebuyers. The New Jersey agency is no longer providing any HHF assistance to homeowners under its HHF Home Saver program that provided up to $50,000 in mortgage assistance to homeowners who were unemployed, underemployed or experiencing additional hardships such as loss of income due to a medical condition. In March 2020, Governor Murphy announced an expanded state housing counseling initiative to help New Jersey homeowners threatened with a loss of housing due to the COVID-19 pandemic, focusing on loan modifications.

NORTH CAROLINA - $58.7 million available

In 2020, the North Carolina agency reported receiving $15.68 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the North Carolina agency provided $10.57 million in assistance to homeowners.

The North Carolina HHF program is closed to new applications. However, it continues to provide assistance for existing participating homeowners.

North Carolina reported providing:

- In the third quarter ending September 30, 2020, no borrowers received assistance.
- From October 1 through December 31, 2020, $736,368 in mortgage payment program assistance was provided, and $65,465 in principal reduction and lien extinguishment for unaffordable mortgages to existing and one new homeowner.

OHIO - $7.5 million available

In 2020, the Ohio agency reported receiving $8.8 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Ohio agency paid $23.77 million to fund demolitions of 1,810 blighted properties. In addition to conducting targeted demolitions, Ohio's Neighborhood Initiative Program prevents foreclosures by maintaining vacant and abandoned residential properties. HHF unemployment mortgage assistance program Save the Dream Ohio no longer provides HHF assistance to homeowners.

OREGON - $25.4 million available

In 2020, the Oregon agency reported receiving $8.96 million in lien recoveries that get recycled back into the program plus interest and other income. In 2020, the Oregon agency provided $18.04 million in assistance to homeowners.

In September 2020, following Treasury approval, the HHF Oregon state agency opened a new HHF COVID-19 Mortgage Relief Program to provide financial relief to help homeowners catch up on mortgage payments. Under the COVID-19 Mortgage Relief Program, homeowners may be eligible for a forgivable five-year loan up to $40,000. This new program is for homeowners who became past due on their mortgage after January 1, 2020 and experienced a financial hardship such as a job loss, reduced income, medical issue, disability, death or divorce.

The existing HHF Home Rescue program continues to help participating Oregon homeowners stay in their home.

Oregon reported providing:

- In the third quarter ending September 30, 2020, $1.03 million in mortgage payment assistance to existing and three new homeowner, $810,576 in loan preservation assistance to existing and 63 new homeowners, and $1.12 million in principal reduction and lien extinguishment program assistance was provided to existing and 25 new homeowners $572,034 in mortgage payment assistance to existing and one new homeowner, $555,677 in loan preservation assistance to existing and 41 new homeowners, and $1.12 million in principal reduction and lien extinguishment program assistance was provided to existing and 25 new homeowners

- From October 1 through December 31, 2020, disbursed $2.2 million in assistance. The state agency provided $572,034 in mortgage payment assistance to existing and one new homeowner, $555,677 in loan preservation assistance to existing and 41 new homeowners, and $1.12 million in principal reduction and lien extinguishment program assistance was provided to existing and 25 new homeowners.

In January 2021, following Treasury approval, Oregon reopened its Mortgage Payment Assistance Program with modifications. Oregon's COVID-19 Mortgage Relief program benefit provides up to six months and up to $40,000 to bring a mortgage current. The program also removed the requirement that a borrower cannot own residential property other than their primary residence.

RHODE ISLAND - $4.7 million available

In 2020, the Rhode Island agency reported receiving $1.7 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Rhode Island agency reported providing $1.67 million to homebuyers and homeowners.

In August 2020, following Treasury approval, Hardest Hit Fund Rhode Island introduced a new HHF Program. The COVID-19 Mortgage Payment Assistance Unemployment Program offers eligible homeowners a five-year, zero interest forgivable loan to pay up to six months of mortgage payments or up to $50,000. Senator Jack Reed said, *"Too many Rhode Islanders have already lost their jobs during this pandemic, and we can't afford to have families lose their homes as well. This federal funding will help more families stay safe as they navigate the evolving challenges of COVID..."* The program is open only to Rhode Island homeowners facing unemployment/underemployment as a result of the COVID-19 pandemic. Prior to the new program, HHF primarily provided down payment assistance to homebuyers. The COVID-19 Mortgage Payment Assistance Unemployment Program closed to new applicants on April 2, 2021.

Rhode Island reported providing:

- In the third quarter ending September 30, 2020, $367,500 was provided in down payment assistance to 49 homebuyers and $3,895 was provided in mortgage payment assistance.

- From October 1 through December 31, 2020, $270,000 was provided in down payment assistance and $398,856 was provided in the COVID-19 mortgage payment assistance – unemployment program to existing and 59 new homeowners.

SOUTH CAROLINA: CLOSED

The South Carolina agency closed the Hardest Hit Fund program on December 31, 2020 and returned $15.4 million to Treasury.

South Carolina reported the following:

- In the last reported quarter ending June 30, 2020, $1.4 million in down payment assistance was provided to 96 homebuyers, 78 percent of which had an income below $50,000.

Over its lifetime, the South Carolina agency provided $268.24 million in assistance to 14,179 unique borrowers. South Carolina reported receiving $7.5 million in lien recoveries that had been recycled back into the program plus interest income.

TENNESSEE - $16.5 million available

In 2020, the Tennessee agency reported receiving $4.05 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Tennessee agency disbursed over $700,000, including both assistance to homeowners and blight demolition funding.

Tennessee reported 12 blight demolitions in the third and fourth quarters. Earlier in 2020, Tennessee extended its Blight Elimination Program from December 31, 2020 to July 30, 2021, which the state expected would allow for the demolition of another 90 properties.

In November 2020, Treasury approved Tennessee's request to reopen its stand-alone reinstatement program to help 225 additional homeowners with $4.5 million in reallocated funds. Tennessee reported that delinquency rates had risen in 94 of 95 counties.

SIGTARP'S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Owner of a Southeast Michigan Asbestos Abatement Company That Performed Work for the Detroit Land Bank Authority in the HHF's Blight Demolition Program Charged With Multiple Felonies for Misrepresenting Project Costs to Avoid Paying More Money to the State, Bribing a Contractor to Secure Work for His Company, and Violating State Public Health Laws That Require Post-Abatement Air Monitoring to Be Done by an Independent Entity.

The Michigan Attorney General charged Kevin Woods, owner of BBEK Environmental, on February 23, 2021, with the following charges:

- Four counts of false pretenses over $100,000, a 20-year felony;
- One count of false pretenses between $1,000 and $20,000, a five-year felony;
- One count of money laundering, a 10-year felony; and
- One count of bribery of an agent or employee, a one-year misdemeanor.

The charges against Woods, 50, of Harrison Township, Michigan, stem from an investigation by SIGTARP and the U.S. Attorney's Office for the Eastern District of Michigan into the use of TARP funds for demolitions by the Detroit Land Bank.

During that investigation, it became known that Woods had inappropriately paid Aradondo Haskins to obtain contracts with Haskins' former employer, Adamo Group, a large demolition contractor in Southeast Michigan. Adamo Group performed demolition work for the Detroit Land Bank Authority and hired BBEK as subcontractor for asbestos abatement.

It's alleged that BBEK was frequently selected for abatement work by Adamo Group due to several bribes from Woods to Haskins. After a SIGTARP investigation, Haskins was convicted of conspiracy to commit bribery and honest services fraud. The court sentenced him to one year in prison.

It also became apparent that between at least 2015 and 2019, Woods was violating Michigan statutes requiring abatement contractors to be independent from air monitoring companies used by the abatement contractor. As the violations were of state laws, the Michigan Department of Attorney General became involved.

Woods was suspended in July 2019 from being involved in any Detroit Land Bank Authority contracts and performing any work for the City of Detroit.

"While the complexities of this alleged financial crime cannot go unnoticed, I am grateful for the thorough work performed by my prosecutors and those at the Office of the Special Inspector General for the Troubled Asset Relief Program," Michigan Attorney General Dana Nessel said. "Our laws on the checks and balances in asbestos removal provide safeguards for the public's health and anyone who violates those regulations puts our residents in harm's way."

Michigan statutes require a post-abatement air monitoring check to be performed by a qualified neutral party that is completely independent of the asbestos abatement contractor.

Two companies frequently used by BBEK to perform this task, HC Consulting Services and Green Way Environmental, were both operated by Woods, the Attorney General's office alleges.

“There is no room for corruption in federally funded demolitions, as alleged in the charges today,” said Special Inspector General Goldsmith Romero. “The law requiring that air quality monitors must be independent from those who remove asbestos and other hazardous materials is critical to protecting the health and safety of Michigan communities. SIGTARP commends Michigan Attorney General Nessel for standing with us to charge this alleged violation of this law combined with bribery.”

All of the air monitoring work done by HC Consulting and Green Way was completed by BBEK employees, and an investigation into the companies’ financials indicate Woods profited directly from the operations by as much as $400,000 since 2015.

Woods also reportedly violated the Asbestos Abatement Contractor’s Licensing Act by falsifying project costs to lower the amount of funds owed to the Michigan Department of Licensing and Regulatory Affairs. Woods was required under law to submit one percent of the project costs to the asbestos abatement fund but would routinely devalue the project by as much as 50 percent to avoid contributing to the fund. A forensic review of Woods’ submissions over the course of three years, 2015 through 2019, indicates he cheated the state of Michigan out of fees.

Former Cuyahoga County Land Bank Employee Convicted and Sentenced for Lying to Federal Agents, INCLUDING SIGTARP AGENT

On March 16, 2021, former Cuyahoga County Land Bank official Kenneth Tyson was convicted and sentenced to two years’ probation and ordered to pay a $5,000 fine for making false, fictitious, and fraudulent statements to federal agents, including a SIGTARP Special Agent, in violation of 18 U.S. C. section 1001.

From in or around June 2018 through in or around December 2018, SIGTARP, U.S. Department of Housing and Urban Development Office of Inspector General (HUD OIG) and the FBI were investigating Tyson in connection with his position at the Cuyahoga County Land Bank. Cuyahoga County Land Bank had received $60 million from TARP’s Blight Elimination Program to demolish blighted houses.

In October 2018, SIGTARP agents and HUD OIG interviewed Tyson in connection with the investigation. Tyson knowingly and willfully made the following materially false, fictitious, and fraudulent statements to the agents:, that is: (1) M.R., a former contractor with the Land Bank, had never done any work for Tyson personally; and (2) Tyson paid a plumber to install a waterline in his home. In truth, and as Tyson then well knew, M.R. had arranged to have work done on Tyson’s home, including obtaining the plumbers to install a waterline, and Tyson never paid the plumbers or M.R. for this work. Tyson’s false statements caused the agents to perform additional investigation.

SIGTARP was joined in the investigation by the FBI, the HUD OIG, and the Criminal division of the IRS. The U.S. Attorney’s Office for the Northern District of Ohio is prosecuted the case.

Demolition Contractors in Detroit Likely to Have Used Unapproved I-94 Dirt as Backfill in Demolitions

On March 8, 2021, the Detroit Inspector General issued a report based on SIGTARP's investigation and referral to their office for action. From the evidence that SIGTARP referred, the Detroit Inspector General stated, "Based on the evidence, it is likely that Adamo, Rickman, Dore & Associates, and Blue Star used Category 3 backfill that was never approved for use either in the HHF or Non-HHF Demolition Programs." The HHF blight demolition program in Michigan has certain requirements for dirt that may be used to backfill the demolition hole. If the backfill comes from road projects, it "must be evaluated by a qualified Environmental Professional at the Contractor's expense." Dani's Transport delivered dirt from the I-94 project to demolition sites. Dirt from the I-94 project was never approved for use in the HHF program or non-HHF program in Detroit. Invoices and other evidence, including that obtained by SIGTARP, showed:

- Adamo used dirt from the I-94 project as backfill at two HHF properties;
- Rickman used I-94 dirt at one HHF property;
- Dore & Associates used I-94 dirt at one non-HHF property; and
- Blue Star used I-94 dirt at one non-HHF property.

A Detroit News article quoted the Detroit IG as saying, "We are pretty certain the dirt was not tested." In the report, the OIG recommended that the Detroit Land Bank Authority (a program partner in the HHF blight demolition program) and Detroit Demolition Department take appropriate action given they had consistently stated that they will hold contractors accountable to program requirements. The OIG requested that it be kept informed if actions taken to remediate these properties.

In addition to this result by SIGTARP investigations, SIGTARP auditors previously warned about the risk of contaminated dirt, and made recommendations designed to ensure only clean, safe dirt was used. Treasury declined to implement these changes nationwide in the program as SIGTARP had recommended. The Michigan state agency with authority over HHF implemented some of SIGTARP's recommendations.

Georgia Man Convicted of Bank Fraud for Fraudulently Obtaining HHF Mortgage Assistance in South Carolina

On March 30, 2021, Joshua David Armato was convicted after pleading guilty to bank fraud for defrauding the SC HELP HHF program. From January 18, 2017 to August 1, 2018, Armato knowingly obtained $34,218 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. 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 is prosecuting the case.

South Carolina Woman Convicted of Bank Fraud for Fraudulently Obtaining HHF

On March 18, 2021, Keylon Wright was convicted 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 knew that 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 is prosecuting the case.

Couple Sentenced for Fraud on HHF Mortgage Assistance Program in Ohio

In January 2021, a court sentenced Christopher Lee Horn and Sondra Horn to three years' probation for conspiracy to defraud the Save the Dream Ohio HHF and ordered them to pay $27,000 related to a prior welfare program violation. From September 2014 to March 2016, the Horns knowingly conspired to receive approximately $15,000 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. The Horns certified in September 2014 that their Mount Vernon, Ohio home was owner-occupied and their primary residence, and were approved to receive $2,839 to cover their mortgage delinquency, and monthly mortgage payment assistance of $692 for 18 months. In October 2014, the Horns moved to Minnesota, but failed to notify Ohio Housing Finance Agency officials that they had moved, or that they were receiving rent for the Ohio home, which they received in cash or a check made to a third party. The U.S. Attorney's Office for the Southern District of Ohio prosecuted the case.

South Carolina Woman Convicted of Bank Fraud for Fraudulently Obtaining HHF Mortgage Assistance

On March 3, 2021, Marvette Thompson Easterling was convicted 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 knew that 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 is prosecuting the case.

Indiana Couple Sentenced After Conviction for Fraudulently Obtaining HHF Mortgage Assistance

On March 22, 2021, a court sentenced Richard and Jennifer Knox to one year in jail (suspended), one year probation, $9,970.14 in restitution, and 40 hours of community service for their conviction of welfare fraud and perjury for defrauding the HHF. After Richard Knox became unemployed, the Indiana Housing and Community Development Authority (IHCDA) made $17,836 in monthly mortgage payments on the Knox's house in Elkhart, Indiana from February 2016 to December 2017 in an HHF program for unemployed homeowners. In October 2016, the Knoxs submitted to IHCDA a signed HHF Hardship Recertification stating that Richard Knox continued to be unemployed, concealing that he had part-time employment as an automotive painter. In April 2017, the Knoxs submitted a second HHF Hardship Recertification stating that Richard Knox continued to be unemployed, concealing additional part time employment as an automotive painter, and that he had obtained full-time employment at Keystone RV. The Prosecuting Attorney for Elkhart, Indiana prosecuted the case.

74 BANKERS SENTENCED TO PRISON OUT OF 91 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 Rohs
2 years and 9 months in Prison
5 years Supervised Release
Senior Vice President, Senior Loan Officer
Citizens Bank of Northern California

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

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
3 Years Supervised Release
Executive Vice President
Orion Bank

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

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 Bankv

Allen Reichman
1 Year and 9 Months in Prison
2 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
11 Months in Prison
3 Years Supervised Release
Former Chairman,
NOVA Financial Holdings, Inc.;
NOVA Bank

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

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

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

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

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

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

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

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

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

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

Timothy Murphy
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)

4 BANKERS SENTENCED TO HOME CONFINEMENT

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

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

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

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

67 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 81 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, Jamsen 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)

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

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

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

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

Brent Merriell
3 Years and 3 Months in Prison
5 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
2 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
Cityscope Productions, LLC
(Harbor Bank of Maryland)

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

Thomas Arney
2 Years and 3 Months in Prison
3 Years Supervised Release
Owner/Operator
Body Shop Go-Go club, Bootleggers, Maxwell's Tavern
(Bank of the Commonwealth Case)

Carmine Fusco
2 Years and 3 Months in Prison
3 Years Supervised Release
Appraiser
(Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)

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

67 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)

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

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

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

Christopher Woods
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
Champ Construction LLC
(Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)

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

Chester Peggese
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)

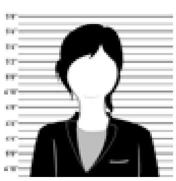
Alberto Solaroli
1 Year in Prison
2 Years Supervised Release
Owner
CET Racing
(OneFinancial Corporation Case)

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

Jose Luis Salguero Bedoya
10 Months in Prison
(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)

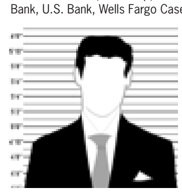


Ruimin Zhao
4 Months in Prison
1 Year Supervised Release
(Saigon National Bank Case)

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

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

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



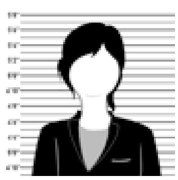
Michael Bradley Bowen
1 Day in Prison
5 Years Supervised Release
C-Note Development Company LLC
(GulfSouth Private Bank Case)

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

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

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

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

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

Marleen Shilingford
3 Years in Prison
5 Years Supervised Release
Co-owner
Waikele 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
Jefsco 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
Waikele 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 Years Supervised Release
Loan Broker, Owner SinoWest Financial Services, Inc.
(Victim: BNB Financial Services Corp.)

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

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 Bahrami
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)

DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO HOME CONFINEMENT

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

3 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

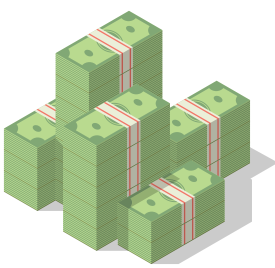
Anthony Daguanno
1 year
Sr. Estimator, Adamo Group
(Detroit Building Authority
Contractor)

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

CONTRACTORS 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

PEER REVIEWS

SIGTARP PEER REVIEWS

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.