



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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SIGTARP LAUNCHES FINANCIAL INSTITUTION CRIMES & FINES DATABASE

Fraud Database Gives Public a Single Point of Access to Information on Nearly 400 Criminally Convicted Defendants, 24 Corporate Enforcement Actions, and Civil Fines Resulting from SIGTARP's Law Enforcement Investigations

Special Inspector General Goldsmith Romero Proposes Creation of a National Financial Fraud Registry, a Centralized Record of all Financial Fraud Crimes and Fines

Today SIGTARP is launching the Financial Institution Crimes & Fines Database, a public record of the agency's law enforcement impact that has protected securities markets, the banking industry, investors, consumers, and taxpayers. The database, available at www.sig tarp.gov/database, gives the public a single point of access to information on crimes and fines resulting from SIGTARP's investigations, including 380 criminally convicted defendants, enforcement actions brought against 24 companies, and fines for violations of civil laws.

These crimes and fines, which include 300 defendants sentenced to prison, represent a substantial portion of federal law enforcement's record in the last decade for cases related to financial institutions. 76 are bankers, including dozens of executives from medium and community sized banks. The crimes include bank fraud, securities fraud, money laundering, mortgage fraud, conspiracy and other illegal activity.

"Preventing and deterring financial institution fraud is a critical matter of public safety given the devastation that this type of fraud wrecked on hardworking Americans, business, and communities leading up to and during the financial crisis," said Special Inspector General Christy Goldsmith Romero. "With the goal of deterring fraud and arming investors, markets, consumers, and companies with information they need to make informed financial decisions, we have created an easy way to find the criminal convictions, civil judgments, and enforcement actions that have occurred as a result of SIGTARP investigations. While this information is publicly available, it's neither quick nor easy to access—limiting its effectiveness, particularly in a sea of information. Law enforcement can also use this database as a tool to identify past precedent and repeat offenders. To have the most impact, the federal law enforcement community should come together and expand upon our efforts by creating a national Financial Fraud Registry, a centralized record of all crimes and fines related to financial fraud. "

The proposal to create a national Financial Fraud Registry is included at the end of this press release.

Special Inspector General Goldsmith Romero [previously reported to Congress](#) that financial institution fraud has significantly evolved beyond insider crime for personal gain found in the savings and loan

crisis. The massive, complex fraud that marked the financial crisis often involved the entire financial structure of the institution, causing millions of dollars in losses and, in some cases, contributing to the failure of financial institutions. SIGTARP uses dedicated resources and focused financial institution expertise to find hidden financial institution fraud that is unlikely to be self-reported. We developed an innovative investigative process that identifies crimes proactively without waiting for bank self-reporting, whistleblower tips or regulator referrals. This intelligence-based process involves analyzing institution and industry intelligence and comparing it to red flags that bear the hallmark of criminal or other illegal activity.

SIGTARP's [cases](#) have established precedent and changed how white-collar law enforcement counters financial institution fraud, which has repeatedly demonstrated its power to wreak havoc on our businesses and communities, put our nation's finances at risk, and ruin American lives. Our 97% conviction rate in Department of Justice prosecutions highlights SIGTARP's success in uncovering the evidence needed to prove the crime. SIGTARP investigations have resulted in 380 defendants convicted, enforcement actions against 24 corporations, and the recovery of more than \$11 billion, including recoveries of approximately \$900 million in fiscal year 2019.¹ Courts have sentenced 300 of these defendants to prison, including 76 bankers and 92 of bank borrowers. Dozens of these bankers were senior executives including chief executive officers, bank presidents, and chief financial officers at regional and community banks.

SIGTARP's law enforcement has protected investors by bringing change to securities markets and to public and private financial institutions. SIGTARP investigates violations of the law by insiders as well as customers of public financial institutions where Treasury became a securities investor in exchange for a TARP capital investment. We investigate violations of the law by any participant in a TARP program, including, for example, those involved in mortgage-backed securities markets. We previously investigated illegal activity by insiders of financial institutions who unsuccessfully sought Treasury's investment through TARP.

The database includes information on Bankers & Securities Traders, Bank Customers & Co-Conspirators, Homeowner Program Scammers, Other Defendants, and Enforcement Actions. It compiles information from multiple sources, including federal websites, press releases, and court records. Because criminal charges are not evidence of guilt and all defendants in government enforcement actions are entitled to due process, the database only includes criminal defendants that courts have convicted of a crime or parties subject to a final civil judgment or enforcement action. SIGTARP will continue to update the database with new convictions and final judgments.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets crime at financial institutions or in TARP housing programs and is an independent watchdog protecting the interests of the America people. SIGTARP investigations have resulted in the recovery of more than \$11 billion and 300 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.sig tarp.gov. Follow SIGTARP on Twitter @SIGTARP.

¹ The criminal convictions, civil judgments, and enforcement actions in the database occurred as result of SIGTARP investigations. Criminal defendants were prosecuted by the Justice Department and, in a small number of cases, state attorney generals. Civil judgments and enforcement actions were brought by the Justice Department, federal and state regulatory agencies, and state attorney generals based on wrongdoing investigated by SIGTARP.

A PROPOSAL FOR A NATIONAL FINANCIAL FRAUD REGISTRY (FFR)

A Modern Data-Driven Approach to Deterring Fraud and Protecting Investors and Consumers

- December 18, 2019 -

The damage caused by financial fraud is so devastating that deterring fraudsters and protecting investors and consumers is a top priority of federal offices engaged in law enforcement, such as the office that I lead, known as SIGTARP. As an Inspector General leading an agency whose investigations have resulted in nearly 400 criminally convicted defendants, I know there is a more effective and efficient way to achieve this important mission—one that could help prevent fraud, and ultimately save law enforcement resources. I propose a national Financial Fraud Registry (FFR) – a centralized record of all crimes and fines related to financial fraud.

Today, SIGTARP released a pilot of its portion of the FFR: the Financial Institution Crimes & Fines Database, a centralized record of 380 criminally convicted defendants and the more than \$11 billion recovered from SIGTARP's investigations arising out of the financial crisis. We include enforcement actions investigated by SIGTARP special agents, analysts and attorney investigators. This includes actions by the Department of Justice, Securities and Exchange Commission, Federal Deposit Insurance Corporation, the Office of Comptroller of Currency, and state attorney generals. In order to protect a defendant's right to due process, SIGTARP only included resolved fraud cases—those ending up with a criminal conviction or a civil fine. We also included the date of that conviction.

SIGTARP's Financial Institution Crimes & Fines Database should serve as the first step in a coordinated approach by federal leaders to create a single public access point to information on fraud convictions and civil fines. Once established, each federal agency would register its convictions, sentencings, civil fines and enforcement actions—a true comprehensive record that the public can easily check before giving someone their money, their trust, and their business. Would-be fraudsters will not like that ease and accessibility, creating a powerful incentive to stop fraud plans that would result in their inclusion in the registry. The federal government's comprehensive response to fraud would be transparent to the public. It would also ease federal agencies' identification of repeat offenders.

Once the federal portion of the FFR is established, state and local agencies could also register their crimes and fines—further extending the goals of deterrence and public safety. This step would make the FFR a true national fraud registry.

Media coverage is the traditional method to let the public know how fraudsters are being held accountable, but it is not the most effective or efficient method. In a modern world with a sea of information, press releases from multiple agencies publicizing criminal fraud convictions and civil fraud fines can get lost. Media coverage is unreliable and often non-existent, even for major investigations. When the message of accountability is not received by would be fraudsters, deterrence suffers. Many convictions and fines don't even get a press release—they

are relegated to court and agency filings, read by few. Federal agencies supplement with executive speaking events and conferences that are limited to targeted audiences.

In SIGTARP's investigations that have led to courts sentencing 300 defendants to prison, including 76 bankers and 92 bank borrowers, we have seen firsthand how fraud wrecks lives, businesses, and communities. Historic institutions have failed, business have lost millions, teachers, first responders, and other Americans have lost their retirements, college savings, investments, and their homes. Fraud also erodes our communities beyond monetary losses. Victims have told us how foolish they felt after being duped, and how they now have trouble trusting anyone. One victim, "Linda," told me that she felt as if she had PTSD after losing everything. She had convinced her sister to invest with her in the fraud—a sister who also lost everything and no longer speaks to her.

There is a more effective and efficient way for the federal government to arm people like Linda with the tools to protect themselves. Just as fraudsters have evolved their methods to take advantage of technology, so must law enforcement evolve our methods of deterrence and investor and consumer protection. We have to speak in one voice, in a way that transcends all of the noise. The public does not care which federal agency prosecutes the fraud. They don't want to have to search all corners of the internet for basic information about fraud. They care about not becoming a victim in the first place.

A national Financial Fraud Registry will require cooperation and coordination. Once established, registration of crimes and fines would be straightforward for federal agencies—just one more step after a press releases and social media post. I invite further discussion with stakeholders about the specifics of the FFR: what to include, who should take the lead in creation and management, and how to use existing authorities and resources. Congress may also decide to bolster the effort by supporting the FFR.

Fraud is constant even in boom economic times. It's time to modernize law enforcement's approach to meet the current challenges and reality. It's time for a law enforcement approach to deterrence that is more data driven, comprehensive, and effective.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General for the Troubled Asset Relief Program