



SIGTARP



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

QUARTERLY REPORT TO CONGRESS
OCTOBER 26, 2017



SIGTARP

BY THE NUMBERS

INVESTIGATIONS



406

Criminally Charged



329

Convicted



237

Sentenced to Prison

Including

83

Homeowner Scammers



68

Bank Borrowers



1

Wall Street Trader



55

Bankers



\$10 Billion =

Recovered from Investigations

35x

Return on Investment

As of October 13, 2017 | Convictions include one reversed on appeal and two vacated due to death or cooperation | Prison Sentences include one reversed on appeal
Charges are not evidence of guilt | Many defendants await trial and sentencing | Recoveries include homeowner relief | Return on investment based on SIGTARP's budget 2010 - 2017



SIGTARP

BY THE
NUMBERS

INVESTIGATIONS

SIGTARP investigations have led
to enforcement actions against

NINE

financial institutions.



JPMORGAN
CHASE & CO.

Morgan Stanley



ally



JEFFERIES





SIGTARP

TREASURY SPENDS AT LEAST \$4 BILLION A YEAR ON TARP HOUSING PROGRAMS THAT ARE AT RISK OF FRAUD, WASTE, & ABUSE

The Hardest Hit Fund (HHF)

pays a portion of mortgages held by underemployed Americans. It also pays to demolish abandoned homes in challenged communities.

\$3 billion available to be spent by December 2021. \$880 million was spent last quarter.

– Recipients include –



19 state agencies



390 cities and local partners



Hundreds of demolition contractors

The Home Affordable Modification Program (HAMP)

pays mortgage servicers and investors to lower interest rates for homeowners.

Up to **\$10.34 billion** available to be spent by September 2023. \$610 million was spent last quarter.

– Recipients include –



A PROPOSAL FROM THE SPECIAL INSPECTOR GENERAL FOR TARP TO COUNTER THE ONGOING AND EVOLVING THREAT OF FINANCIAL INSTITUTION FRAUD

Our nation is stronger when we learn from crisis, adapt our way of thinking, and change to protect vulnerabilities to future harm. The attacks of September 11th, 2001 required the Federal Bureau of Investigation (FBI) to make a paradigm shift from a law enforcement agency that investigated crime after the fact to a national security service that works to prevent crime and terrorism.ⁱ The 2008 financial crisis is not 9/11, but it too laid bare one of our nation's vulnerabilities: fraud in financial institutions. And with no permanent change to law enforcement since, scandals in financial institutions continue.ⁱⁱ Our nation would be made safer by a paradigm shift in law enforcement, one designed to catch financial institution fraud early, thereby preventing further fraud.

Congress created SIGTARP as a temporary office to investigate financial institution fraud, related to TARP. More than 400 have been arrested including 98 bankers and eight Wall Street traders, with 55 of those bankers already sentenced to prison, and fraud actions were brought by the Justice Department against Goldman Sachs, Bank of America, JP Morgan Chase and others. Even though we have a full pipeline of open investigations, present day financial institution fraud is outside of our mandate, leaving the U.S. again vulnerable.

I recommend that Congress create a permanent law enforcement office with a narrow mandate to investigate financial institution fraud. That office would maintain continuity in the fight against financial institution fraud, partnering with other law enforcement as the go-to financial institution fraud specialist.

– Special Inspector General Christy Goldsmith Romero

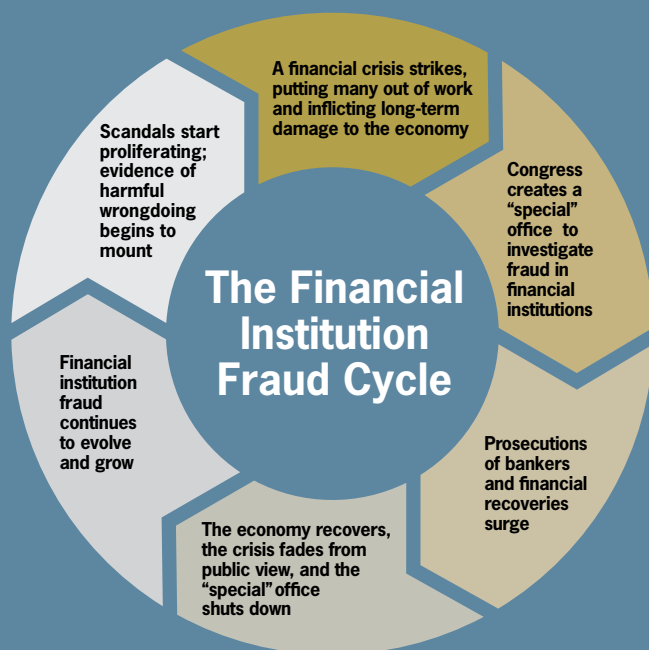
There is a need for a law enforcement office dedicated solely to investigating financial institution fraud – a permanent cop on the financial institution fraud beat, not just in times of crisis. SIGTARP is the second temporary “special” office for financial institution fraud law enforcement created in times of crisis. The first was the Special Counsel for Financial Institution Fraud created by Congress in 1990 after the savings & loan crisis.

Financial fraud has repeatedly demonstrated its ability to wreck havoc on our economy, put our nation's finances at risk, and ruin American lives. Fraud in financial institutions does not come in temporary surges, but is constant. Temporary “special” law enforcement offices result in only temporary surges in prosecutions of insiders. There is a better way and, as an Inspector General, my role includes recommending change to government inefficiencies.ⁱⁱⁱ

ⁱ See FBI Director Christopher Wray's remarks at 911 Memorial, October 2, 2017.

ⁱⁱ While SIGTARP's investigations have resulted in the successful prosecution of CEOs and other top executives at medium sized banks and smaller banks, we have faced difficulties proving criminal intent of senior officials in large organizations that are designed to insulate high level officials from knowing about crime or civil fraud. In 2016, I proposed that Congress fix the problem of the “Insulated CEO” by requiring CEOs, CFOs, COOs and CCOs at the six largest Wall Street banks that took TARP dollars to sign an annual certification to law enforcement that they have conducted due diligence and can certify that there is no criminal conduct or civil fraud in their organization. Until top officials have an affirmative duty to look for crime in their organization, it is likely they will stay in the dark. This certification would give an incentive for CEOs to catch fraud in the company's business practices early and stop it, limiting damage. A false certification would give law enforcement a tool to prove criminal intent.

ⁱⁱⁱ Significant knowledge and expertise is gained, then diminished, and eventually lost with temporary special offices while financial institution fraud evolves, growing in magnitude and complexity. It also takes valuable time to open offices, recruit staff, and form partnerships. It took 2-3 years for the work of both the Special Counsel and SIGTARP to result in a surge of prosecutions.



The threat of financial institution fraud is so serious and harmful as to require constant law enforcement expertise with dedicated resources. Financial institution fraud is typically committed in a series of criminal acts that incrementally evolve and grow more harmful over time— weakening our financial system from the inside. Without a dedicated permanent law enforcement office that evolves its knowledge and expertise as fraud evolves, more fraudulent schemes by insiders at financial institutions will grow undetected. Without a permanent paradigm shift, law enforcement will keep playing catch up, losing an opportunity to prevent fraud.

At SIGTARP, we uncovered – not surprisingly – that financial institution fraud has evolved to be significantly larger and more complex than the self-dealing crime that marked the savings and loan crisis.^{iv} The fraud had escaped detection from traditional identification methods (regulator referrals and bank self-reporting), leaving only whistleblowers of which there were few.^v

SIGTARP found that there has been no true continuity in law enforcement in identifying financial institution fraud as fraud has evolved. So, SIGTARP created a new law enforcement playbook to catch up to the fraud. SIGTARP’s intelligence-driven playbook identifies insider crime without relying on the regulator or the bank to sound the alarm. We actively search for crime using industry, financial and human intelligence. Every case is different, but we capitalize on similarities to root out crime. We understand complex bank records, and bank operations, and use intelligence to identify anomalies and trends. Technologies analyze mountains of electronic data, and find digital footprints that serve as powerful evidence of criminal intent.^{vi}

A permanent law enforcement office to fight financial institution fraud can catch fraud early, before it snowballs to hurt institutions, hard-working Americans, and communities.

– Special Inspector General Christy Goldsmith Romero

Our intelligence-driven approach should not be lost, but shared with the proposed new office. Just like SIGTARP, the office does not need to be large or costly. I propose an efficient new office that partners with other law enforcement agencies, and has cross-jurisdiction over all banks. This format avoids duplication of effort, and resolves the scarcity of dedicated white-collar resources that exists now. Prosecutions would be referred to DOJ to ensure due process.

^{iv} SIGTARP’s investigations have resulted in \$15.3 billion ordered, more than four times the \$2.945 billion ordered from savings and loan crisis prosecutions. Just two weeks ago, Wilmington Trust, a TARP bank indicted resulting from a SIGTARP investigation, forfeited \$60 million.

^v Regulator referrals are extremely rare in SIGTARP investigations, as regulators often rely on banks to self-report crimes. Self-reporting is extremely rarely in SIGTARP investigations because bank insiders committing large-scale fraud are unlikely to report themselves.

^{vi} TARP housing programs continue to spend at least \$4 billion each year, and will continue until 2023. While we work bank investigations, SIGTARP is using intelligence driven law enforcement to counter threats of corruption, non-competitive practices, and fraud in the \$800 million TARP-funded blight demolition program, and to counter the threat of fraud in HAMP.

Now, before expertise is lost is the time to act. I would welcome a chance to talk to you about this proposal and any of SIGTARP's work detailed in this report. **Already, in the first month of fiscal year 2018, recoveries from SIGTARP's investigations are \$60 million. SIGTARP has a 35 times return on investment, with cumulative recoveries of \$10 billion.** SIGTARP's audits this quarter found about \$3 million in taxpayer dollars squandered by state agency officials on barbeques, parties, gifts, bonuses, food, cars, and more, and found mismanagement by a Georgia agency that cost taxpayers \$18 million, and jeopardized the program's foreclosure-prevention mission. We issue these audit reports to improve TARP programs. I look forward to hearing from you.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General

**SIGTARP IDENTIFIES TOP CHALLENGES
AND THREATS IN TARP**

CONTENTS

SIGTARP IDENTIFIES TOP CHALLENGES AT THREATS IN TARP	3
The Most Serious Management and Performance Challenges and Threats of Fraud, Waste, and Abuse Facing the Government in TARP	5
Remaining TARP funds	7
SIGTARP LAW ENFORCEMENT	11
Law Enforcement Mission	13
Intelligence Driven Law Enforcement	13
SIGTARP's Return on Investment and Agency	14
Budget Constraints to Impede SIGTARP's Mission	
Industry Changes from SIGTARP Investigations	15
Government Recovery through Property Seizures and Forfeitures	16
Countering Threats to Public Safety and Government Interests	19
Results of SIGTARP's Bank Investigations	20
SIGTARP AUDITS AND RECOMMENDATIONS	29
Cost Savings	30
\$3 Million in Waste and Unnecessary Spending in the Hardest Hit Fund	32
Mismanagement by the Georgia Department of Community Affairs	36
Key Unimplemented Recommendations from Prior SIGTARP Audits	38
SIGTARP'S OVERSIGHT BY TARP PROGRAM	45
SIGTARP Investigations Related to TARP Banks	47
SIGTARP'S Oversight Over Trading in Mortgage Backed Securities	57
SIGTARP'S Oversight of the Making Home Affordable Program	61
SIGTARP'S Oversight Over the Hardest Hit Fund	73



SIGTARP IDENTIFIES TOP CHALLENGES
AND THREATS IN TARP

THE MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES & THREATS OF FRAUD, WASTE, & ABUSE FACING THE GOVERNMENT IN TARP

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

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

Risk of Financial Institution Fraud in Banks Where Treasury Holds Securities (No Scheduled Duration)

Financial institution fraud jeopardizes Treasury's ability to recover TARP funds, and jeopardizes the interests of the bank regulator. SIGTARP investigations have led to criminal prosecutions in 15 of 34 failed banks with full or near-full TARP loss. Fraud in open banks also hurts that banks' ability to repay TARP. Treasury is the major shareholder in One Financial Corp. SIGTARP uncovered that the former bank CEO Layton Stuart obtained TARP on false pretenses, and diverted funds for personal use, such as luxury vehicles. Stuart died during SIGTARP's criminal investigation, and DOJ filed a forfeiture action, under which Treasury received bank stock. SIGTARP investigations also resulted in convictions of insiders in other banks currently in TARP, including Harbor Bank, Porter Bancorp, and Broadway Bank. Treasury holds warrants in Wilmington Trust, a bank indicted after SIGTARP's investigation.

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

MHA will continue for 6 years until September 2023. Under Treasury's contracts with 131 mortgage servicers, Treasury will pay up to \$9.8 billion. These are not automated payments, but require reporting to Treasury and compliance with Treasury's rules. The largest eight servicers

stand to receive \$8.2 billion of that amount, including Ocwen, Wells Fargo, JPMorgan Chase, Bank of America, Nationstar, Select Portfolio Servicing, CitiMortgage, and OneWest/CIT. Many have a track record of enforcement actions or other reported wrongdoing. SIGTARP has recently reported on servicers canceling homeowners out of the program for missing three mortgage payments, when it was servicer misconduct, for example, the servicer erred in applying the payments. The risk of fraud, waste, abuse, and failure to achieve program goals, also jeopardizes the GSEs, FHFA, and Veterans Affairs that participate in MHA.

Risk of Corruption, Antitrust Violations, Collusion, Fraud, and Abuse in the HHF Blight Elimination Program (Until Dec. 2021)

This program has expanded by 1,500% since 2013, and now operates in 247 cities/counties that will spend \$806 million until December 2021. As SIGTARP reported in a June 2016 audit, Treasury did not apply standard controls that exist in HUD's blight program or in other Federal awards/grants. SIGTARP reported that there were no federal requirements for competition or standard limitations to only pay necessary and reasonable costs. Treasury only implemented 2 of SIGTARP's 20 recommendations, leaving the program open to antitrust violations, and fraud. SIGTARP reported in April 2015 that participants in the program are typically not the ones awarding contracts. The program's heavy reliance on city/county officials not under contract in the program creates risk of corruption, collusion, and abuse. In December 2015, SIGTARP reported abuse by city officials in Evansville, Indiana who wanted to expand the University's medical school, but the neighboring property housed a Ford dealership. City officials chose where they wanted to move the Ford dealership, evicted people on that chosen site so the homes would qualify as "abandoned" in TARP, used TARP to pay for the demolitions, and moved the Ford dealership to the demolished lots.

Risk of Waste and Misuse of TARP Dollars by State Agencies for Their Own Administrative Expenses in the Hardest Hit Fund (Until 2022)

Treasury has budgeted \$1.1 billion in TARP dollars for administrative expenses of 19 state agencies to distribute \$8.7 billion. Treasury has already spent \$753 million. In two audits issued September 2017 and September 2016, SIGTARP identified \$11 million in wasteful and unnecessary spending by state housing agencies in the Hardest Hit Fund, including for example, catered barbeques with Treasury employees, parties, country club events, leasing a Mercedes, cash bonuses, employee perks, costs not associated with TARP. SIGTARP initiated the September 2017 audit upon a request by Senator Chuck Grassley. Senator Grassley has requested that SIGTARP review additional expenses. In October 2017, SIGTARP opened an audit into travel, conferences, and other administrative expenses.

Risk of Fraud, Waste and Abuse in the Recent Expansion of the Hardest Hit Fund Absent Expansion in Risk Controls (Until Dec. 2021)

The \$9.6 billion Hardest Hit Fund is in a ramp-up stage due to an additional \$2 billion authorized by Congress in FY2016 and a four-year extension of the program from the previously scheduled end date of FY 2018 to FY2022. During calendar years 2016 and 2017, Treasury amended its contracts with state housing finance agencies to allocate these dollars, which led to an expansion of prior uses of these funds. However, Treasury did not analyze the risks of expansion, as previously recommended by SIGTARP but not implemented by Treasury. This includes the expansion of the blight elimination program without implementing SIGTARP's recommendations. In addition, SIGTARP reported in April 2017 about Treasury's expansion of TARP-funded demolition to large apartment buildings without an analysis of risks.

Risk of Mismanagement or Severe Underperformance by State Agencies That Jeopardizes the Hardest Hit Fund's Goals and Creates Waste



Although HHF was scheduled to end in December 2017, it was expanded in 2016, with Treasury allocating an additional \$2 billion for 19 state housing finance agencies to disburse to homeowners in their state or for blight demolition. Some of these state housing agencies were severely underperforming before the expansion of funds. Mismanagement is defined as actions that jeopardize the program mission. Mismanagement is always more costly than proper management, creating waste. In October 2017, SIGTARP found that the Department of Community Affairs in Georgia mismanaged the Hardest Hit Fund. It jeopardized program goals by creating unnecessary red tape and overly strict criteria that resulted in turning away two of every three Georgians who applied. The decisions by DCA did not protect against fraud. HHF homeowners programs have a low risk of fraud because homeowners never receive the funds; they are wired to the mortgage servicer. One example of unnecessary red tape is that DCA turned away homeowner who did not obtain an IRS-stamped tax transcript within 30 days, when other state agencies accept copies of tax returns. DCA's mismanagement cost DCA to miss its targets to distribute the funds in the first two years, and cost TARP more than \$18 million in paying for DCA's salaries and other expenses in subsequent years when the program would have been shut down.

TABLE 1.1

TREASURY CONTRACTS FOR \$27.7 BILLION TO BE PAID TO HAMP MORTGAGE SERVICES UNTIL 2023 AS OF 9/30/2017

**SIGTARP
Investigations
and Audits**

**Future
SIGTARP
Investigations
and Audits**

\$4.6 Billion <i>TARP dollars paid</i>		\$2.5 Billion <i>TARP Obligated or Committed to be paid</i>
\$2.9 Billion <i>TARP dollars paid</i>		\$1.5 Billion <i>TARP Obligated or Committed to be paid</i>
\$2.9 Billion <i>TARP dollars paid</i>		\$1.1 Billion <i>TARP Obligated or Committed to be paid</i>
\$2.1 Billion <i>TARP dollars paid</i>		\$784 Million <i>TARP Obligated or Committed to be paid</i>
\$1.2 Billion <i>TARP dollars paid</i>		\$993 Million <i>TARP Obligated or Committed to be paid</i>
\$1.2 Billion <i>TARP dollars paid</i>		\$956 Million <i>TARP Obligated or Committed to be paid</i>
\$702 Million <i>TARP dollars paid</i>		\$243 Million <i>TARP Obligated or Committed to be paid</i>
\$424 Million <i>TARP dollars paid</i>		\$116 Million <i>TARP Obligated or Committed to be paid</i>
\$305 Million <i>TARP dollars paid</i>		\$225 Million <i>TARP Obligated or Committed to be paid</i>
\$258 Billion <i>TARP dollars paid</i>		\$226 Million <i>TARP Obligated or Committed to be paid</i>
\$1.3 Billion <i>TARP dollars paid</i>	Other Servicers (150 Institutions)*	\$1.2 Billion <i>TARP Obligated or Committed to be paid</i>
\$17.9 Billion <i>TARP dollars paid</i>	TOTAL	\$9.8 Billion <i>TARP Obligated or Committed to be paid</i>

Sources: Treasury, Aggregate Cap Monitoring Report -Sept 2017; SIGTARP analysis of Treasury MHA data.

*A total of 160 institutions have been paid or are eligible to be paid TARP funds through MHA, of which 131 can still receive TARP disbursements subsequent to 9/30/2017.

TABLE 1.2

STATUS OF \$9.8 BILLION IN HHF FUNDS AVAILABLE TO STATE AGENCIES UNTIL 2021		
Spent	State	Unspent
\$65,722,813	Alabama	\$97,885,495
\$251,671,867	Arizona	\$47,617,331
\$1,924,817,317	California	\$499,404,140
\$18,545,299	Dist of Columbia	\$11,161,733
\$910,771,845	Florida	\$238,693,370
\$222,497,129	Georgia	\$151,692,389
\$468,123,397	Illinois	\$271,295,451
\$204,711,868	Indiana	\$81,612,494
\$160,327,565	Kentucky	\$50,695,826
\$497,684,245	Michigan	\$271,778,043
\$95,028,065	Mississippi	\$49,960,190
\$547,086,656	North Carolina	\$176,597,585
\$286,037,908	New Jersey	\$135,304,353
\$116,088,071	Nevada	\$88,284,519
\$559,781,315	Ohio	\$209,042,851
\$256,015,909	Oregon	\$95,530,607
\$81,035,573	Rhode Island	\$36,613,252
\$243,744,579	South Carolina	\$76,770,235
\$210,239,029	Tennessee	\$95,329,348
\$7,119,930,449	Total	\$2,685,269,211

SIGTARP
Investigations
and Audits

Future
SIGTARP
Investigations
and Audits

Note: Spending figures include an additional \$205.1 million in recycled TARP dollars.
Source: Treasury, response to SIGTARP data call 10/5/2017; SIGTARP analysis of HHF Quarterly Financial Reports.

TABLE 1.3

TREASURY CONTRACTS PAYING \$1.1 BILLION IN HARDEST HIT FUND ADMIN EXPENSES UNTIL 2021		
Spent	State	Unspent
\$175.7 Million	 California	\$66.1 Million
\$75.8 Million	 Florida	\$49.1 Million
\$71.8 Million	 North Carolina	\$24 Million
\$54.3 Million	 Ohio	\$12.2 Million
\$41.2 Million	 Michigan	\$28.8 Million
\$40.2 Million	 Illinois	\$28 Million
\$40.5 Million	 Oregon	\$17.1 Million
\$36.4 Million	 South Carolina	\$20.9 Million
\$33.3 Million	 Georgia	\$14.5 Million
\$33.1 Million	 Indiana	\$5.2 Million
\$29.2 Million	 New Jersey	\$15.8 Million
\$25.1 Million	 Arizona	\$14.7 Million
\$20.2 Million	 Tennessee	\$15.4 Million
\$19.1 Million	 Nevada	\$6.1 Million
\$16.6 Million	 Kentucky	\$3.3 Million
\$13.8 Million	 Mississippi	\$7.8 Million
\$11.9 Million	 Alabama	\$15.3 Million
\$11 Million	 Rhode Island	\$6.4 Million
\$3.8 Million	 District of Columbia	\$1.9 Million
\$753.3 Million	Total	\$352.8 Million

Source: Treasury, response to SIGTARP data call - 10/5/2017; SIGTARP analysis of HHF Quarterly Financial Reports.

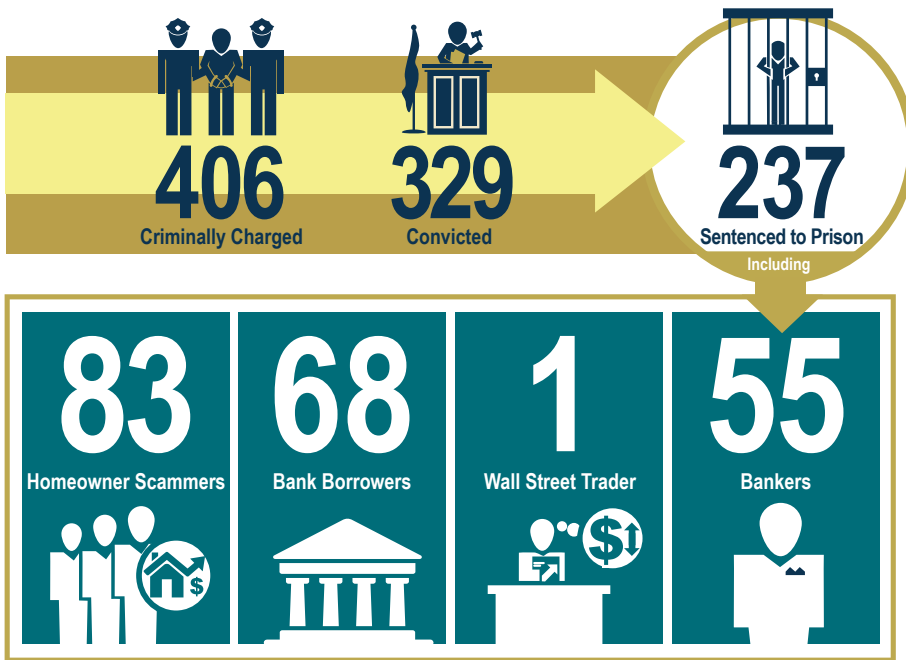
TABLE 1.4

TREASURY HOLDINGS OF TARP SECURITIES IN BANKS AS OF 9/30/2017						
Program	Bank	Outstanding Principal Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation	
Capital Purchase Program (CPP)	Onefinancial Corporation	\$17,300,000		\$11,093,086	✓	
	One United Bank	\$12,063,000		\$6,815,595		
	Harbor Bankshares Corporation	\$6,800,000		\$3,281,000	✓	
	Pinnacle Bank Holding Company, Inc.	\$4,389,000		\$2,304,480	✓	
	Broadway Financial Corporation	\$3,984,332			✓	
	St. Johns Bancshares, Inc.	\$3,000,000				
	Synovus Financial Corp.		\$2,215,820			
	Royal Bancshares Of Pennsylvania, Inc.		\$1,368,041	\$7,601,750		
	First Bancorp (PR)		\$1,285,900	(\$0)		
	Severn Bancorp, Inc.		\$556,976	\$1,754,475		
	Cecil Bancorp, Inc.		\$523,076	\$5,837,800	✓	
	Wilmington Trust Corporation / M&T Bank Corporation			\$95,440	✓	
	Porter Bancorp, Inc.(PBI) Louisville, Ky			\$66,112	\$6,737,500	✓
	Village Bank And Trust Financial Corp.			\$31,189	\$2,026,475	
	Pacific International Bancorp / BBCN Bancorp, Inc.			\$20,087		
		CPP Total	\$47,536,332	\$6,162,641	\$47,452,161	7
	Community Development Capital Initiative (CDCI)	Carver Bancorp, Inc	\$18,980,000			
First American International Corp.		\$17,000,000				
IBC Bancorp, Inc.		\$8,086,000				
Citizens Bancshares Corporation		\$7,462,000				
Hope Federal Credit Union		\$4,520,000				
Community Bank of the Bay		\$4,060,000		\$20,300		
Carter Federal Credit Union		\$3,800,000				
Cooperative Center Federal Credit Union		\$2,799,000				
Tri-State Bank of Memphis		\$2,795,000		\$181,675		
Community First Guam Federal Credit Union		\$2,650,000				
Opportunities Credit Union		\$1,091,000				
D.C. Federal Credit Union		\$500,000				
Tulane-Loyola Federal Credit Union		\$424,000				
Northeast Community Federal Credit Union		\$350,000				
North Side Community Federal Credit Union		\$325,000				
Neighborhood Trust Federal Credit Union		\$283,000				
Buffalo Cooperative Federal Credit Union		\$145,000				
Vigo County Federal Credit Union		\$102,450				
Episcopal Community Federal Credit Union		\$100,000				
Liberty County Teachers Federal Credit Union		\$87,000				
Union Baptist Church Federal Credit Union	\$10,000					
East End Baptist Tabernacle Federal Credit Union	\$7,000					
	CDCI Total	\$75,576,450	—	\$201,975	0	
	TOTAL BANKS	\$123,112,782	\$6,162,641	\$47,654,136	7	

Sources: Treasury, Transactions Report, 10/4/2017; Treasury, response to SIGTARP data call 10/5/2017; Treasury Dividends and Interest Report, August 2017.

SIGTARP LAW ENFORCEMENT

LAW ENFORCEMENT MISSION



As of October 13, 2017 | Convictions include one reversed on appeal and two vacated due to death or cooperation | Prison Sentences include one reversed on appeal | Charges are not evidence of guilt | Many defendants await trial and sentencing

SIGTARP is primarily a federal law enforcement agency investigating crime at financial institutions that received TARP funds or TARP recipients in housing programs. With 405 people arrested and one bank indicted, and major Justice Department enforcement actions against major banks and General Motors, SIGTARP special agents and investigators protect Americans.

Intelligence Driven Law Enforcement that Speeds up the Identification of Crime and Increases the likelihood of finding Crime

When first created, SIGTARP found that financial institution fraud had evolved from the insider self-dealing fraud that marked the savings and loan crisis and has traditionally been thought of as bank fraud by law enforcement. The fraud had evolved to escape detection from traditional fraud identification methods of bank self-reporting and regulator referrals.

SIGTARP created an intelligence driven approach that enabled SIGTARP to find crime by insiders and financial institutions that went previously undetected, and without relying on bank self-reporting or regulator referrals. SIGTARP investigations have resulted in criminal charges against 98 bankers and 8 traders, with 55 of those bankers and 1 trader sentenced to prison. We have ongoing trials in justice department prosecutions. We continue to gather evidence against insiders not yet indicted.

SIGTARP has applied its intelligence driven approach to search for crime in TARP housing programs where Treasury continues to spend around \$4 billion a year. TARP recipients include 131 mortgage servicers including large banks in HAMP, as well as blight demolition contractors and sub-contractors and others in eight states. We have open criminal investigations in these areas.

Finding TARP related crime and investigating to uncover evidence that the Justice Department needs to prosecute takes time, that is why the statute of limitations for bank fraud is 10 years. In fiscal years 2016 and 2017, DOJ indicted or filed a criminal complaint against 99 defendants who were investigated by SIGTARP.

SIGTARP investigations have also resulted in significant DOJ enforcement actions finding violations of the law by nine corporations that received TARP dollars, such as Goldman Sachs, Bank of America, JP Morgan Chase, Morgan Stanley, Ally Financial, Sun Trust Bank, Fifth Third Bank, Jefferies & Co., and General Motors.

SIGTARP's Return on Investment and Agency Budget Constraints to Impede SIGTARP's Mission and Capabilities

\$10 Billion =
Recovered from Investigations



For fiscal year 2018 budget, the Treasury Secretary decided to cut SIGTARP's budget by 50% from \$40.594 million to \$20.297 million. The Special Inspector General put a statement in the President's Budget request sent to Congress as authorized by Section 6(f)(3)(e) of the Inspector General Act, stating that the cut substantially inhibits SIGTARP from performing our mission. The House markup for 2018 was \$37.044 million, SIGTARP's budget request. SIGTARP is reducing its budget each year in an orderly manner until 2023 that allows us to fulfill our mission appropriate for year 10 of SIGTARP's 15 year life-cycle.

SIGTARP continues to assess current and future operations to fulfill its mission while not serving as a burden on taxpayers. SIGTARP's investigations have recovered \$10 billion - a 35-times return on investment.^{vii} This is in addition to \$2 billion in identified waste and cost savings recommendations by SIGTARP auditors. Two weeks ago in Fiscal Year 2018, Wilmington Trust, a TARP bank indicted after a SIGTARP investigation, resolved the Justice Department's charges by paying \$60 million and agreeing to other requirements. In Fiscal Year 2017 recoveries resulting from SIGTARP's investigations were \$66.9 million including \$65.7 million to the government, exceeding SIGTARP's appropriated budget of \$41 million.

^{vii} From SIGTARP's annual appropriated budget. Recoveries include homeowner relief. Return on investment is based on SIGTARP's budget 2010-2017.

SIGTARP investigations resulted in recoveries to the government greater than our annual appropriated budget in each of the last three fiscal years (FY 2015, 2016, 2017). These recoveries offset taxpayer losses in TARP, take the profit out of fraud, and help restore victim losses.

Industry Changes from SIGTARP Investigations

Auto Industry

- In FY2015, SIGTARP's investigation led to a DOJ enforcement action that found criminal conduct by General Motors related to a faulty ignition switch that caused the deaths of many young drivers. In addition to GM paying \$900 million, it overhauled recalls of auto parts, improving safety. In the wake of our investigation, other auto manufacturers are responding more timely to recall of defective auto parts. Vehicle part recalls increased from 20.2 million in 2013, to 50.9 million in 2014, to 51.2 million in 2015, to 53.2 million in 2016. The \$900 million paid by GM offset the \$11 billion in TARP losses that taxpayers suffered on the TARP investment in GM.

Mortgage-Backed Securities Industry

- In FY2016, SIGTARP's investigations led to Department of Justice enforcement actions under FIRREA against Goldman Sachs and Morgan Stanley for violations of the law that caused losses for residential mortgage-backed securities investors. Taxpayers suffered losses as investors when the securities traded through a TARP program. Goldman Sachs paid \$5 billion under DOJ's enforcement action, and Morgan Stanley paid \$2.6 billion. Goldman Sachs and Morgan Stanley also agreed to \$2.2 billion in homeowner relief and changes to prevent fraud.
- In FY2017, our investigation into Ally Financial led to a DOJ enforcement action in which Ally shuttered Ally Securities. Ally paid \$52 million, exceeding SIGTARP's \$41 million budget and helping offset \$2.47 billion in TARP losses. Taxpayers suffered losses as investors when the securities traded through a TARP program.
- SIGTARP investigations into broker-dealers of mortgage backed securities resulted in conviction of traders for fraudulent sales practices. Several broker-dealers made changes to policies on sales practices and training.

Government Recovery through Property Seizures and Forfeitures

SIGTARP's culture includes maximizing recoveries of losses to the Government. SIGTARP assists in tracing proceeds of the crime, such as land, houses, cars, boats, and artwork purchased with the proceeds of the crime, as well as cash. Property already seized or ordered to be forfeited in SIGTARP cases include:

- Nearly 30 businesses and waterfront homes,
- More than 70 bank accounts (including a bank account located in the Cayman Islands),
- Currency including Bitcoin cryptocurrency, bags of silver, U.S. currency, antique and collector coins NetSpend Visa and CashPass MasterCard debit cards, and Western Union money orders with the "Pay To" line blank,
- Collector and luxury cars such as, a 1963 Rolls Royce, a 2012 Aston Martin, a 2010 Aston Martin DBS Volante Convertible, a 2008 Maserati Granturismo Coupe, a 1969 Shelby Mustang, a 1932 Ford Model A, a 1954 Cadillac Eldorado convertible, a 1965 Shelby Cobra, a 2013 Ferrari 458 Italia, a 1948 Pontiac Silver Streak, a 2007 Ferrari, a 2014 Jaguar convertible, a 1997 Dodge Viper, a 1957 Chevrolet Nomad, a 1957 Chevrolet BelAir, a 2011 Mercedes Benz SLS, a 2008 Cadillac Escalade, a 2013 Range Rover, a 2011 Cadillac SRX Performance and a 1957 Cadillac Coup de Ville, and other vehicles.

Seizures and forfeitures bring money back to victims and the Government and ensure that crime does not pay, as defendants are unable to keep the proceeds of their crime. This money can then be used for other Government spending or to reduce the Government budget.

ORDERED FORFEITED AND SEIZED



2013 Ferrari 458 Italia (\$233,509)



2005 54' Hylas yacht "Swept Away"



1948 Pontiac Silver Streak.



2010 Mercedes-Benz GLK 350 4Matic. Estimated value in 2013: \$29,000. (Source Kelley Blue Book)



2005 Hummer H2. Estimated value in 2013: \$24,000. (Source Kelley Blue Book)



1958 Mercedes-Benz Cabriolet 220. Estimated value in 2013: \$185,000. (Source Hagerty.com)



Property located in Chesapeake, Virginia. (Photo courtesy of Bill Tiernan, The Virginian-Pilot)



French-style gilt, bronze, and green malachite columnar 16-light torchères with bronze candelabra arms. Estimated appraised value: \$8,000.



1934 Ford Coupe



1957 Cadillac Coupe de Ville



1961 Chevrolet Corvette



Cash seized from safe, \$158,000.



Kubota tractor (\$27,600).



Artwork with a total value of \$71,525, including paintings worth up to \$10,000 each.



19th century English painting of "Royal Family," oil on canvas. Estimated appraised value: \$6,000.



Bitcoin Cryptocurrency (\$362,317)



2008 Maserati Grandturismo (\$39,800)



2014 Jaguar Convertible (\$54,200)



Cash



2013 Range Rover



2008 Cadillac Escalade



2011 Cadillac SRX Performance



1963 Chevrolet Corvette Stingray



1971 Chevrolet Corvette Stingray

Countering Threats to Public Safety and Government Interests

SIGTARP's law enforcement counters threats to public safety and Government interests by investigating criminal actors and working with the Justice Department to prosecute those criminal actors. SIGTARP has concurrent responsibility with the Federal Bureau of Investigations over criminal activity related to TARP. With people sentenced to prison resulting from a SIGTARP investigation at an average prison sentence of nearly five years, the threat these crimes pose is significant. As we continue to investigate financial fraud by bank insiders, SIGTARP's highest investigative priority is to find and investigate crime in open TARP programs, obtain convictions and recover dollars where taxpayers suffered losses.^{viii}

SIGTARP current investigations counter threats including:

- Financial Institution Fraud
- Public Corruption
- Organized Crime
- Antitrust/Unfair Competition
- Contract Fraud/False Claims Act/Theft or Bribery in TARP programs
- Securities Fraud
- Mortgage Fraud

Financial Institution Fraud: The bank fraud SIGTARP has found, and continues to find, hurts bank lending and sometimes shuts banks. Already, 98 bankers have been charged with a crime resulting from a SIGTARP investigation, 80 have already been convicted and 55 were sentenced to prison. An additional 23 bankers have been civilly charged.

Organized Crime: Organized crime in the \$800 million blight demolition program or in TARP banks threatens public safety and Government interests.

Public Corruption: The corruption of local officials threatens public safety. State and local officials award contracts under the \$800 million Hardest Hit Fund blight demolition program.

Antitrust Violations: Unfair competitive practices in TARP housing programs including contract steering, bid rigging and price fixing, threatens the quality of work, harms public safety, threatens competition, and results in higher costs.

Contract Fraud, False Claims/Theft or Bribery in TARP Programs: Demolition contractors. State agencies. HAMP servicers. Fraud in any of these risk areas harm Government interests.

^{viii} SIGTARP made 5 referrals for prosecution this reporting period.

RESULTS OF SIGTARP'S BANK INVESTIGATIONS



BANKERS

98 INDICTED
 80 CONVICTED*
 56 SENTENCED**
 TO PRISON
 4 SENTENCED TO HOME
 CONFINEMENT

BANKER'S CO-CONSPIRATORS

91 INDICTED
 61 CONVICTED
 46 SENTENCED
 TO PRISON
 4 SENTENCED TO HOME
 CONFINEMENT

BORROWERS DEFRAUDING BANKS

53 INDICTED
 41 CONVICTED
 31 SENTENCED
 TO PRISON

As of October 13, 2017

*Includes one reversed on appeal and one vacated due to cooperation.

**Includes one reversed on appeal.

56 BANKERS SENTENCED TO PRISON*



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



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



Mark A. Conner
12 Years in Prison
5 Years Supervised Release
Acting CEO, Chairman, Vice Chairman,
President, COO
First City 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



Ebrahim Shabudin
8 Years and 1 Month in Prison
3 Years Supervised Release
Chief Credit Officer, Executive Vice
President, Chief Operating 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
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
7 Years in Prison
3 Years Supervised Release
CEO, President
Tifton Bank



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



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



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



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



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



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



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



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



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



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



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

56 BANKERS SENTENCED TO PRISON (continued)*



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

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

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

Don A. Langford
1 Year and 9 Months in Prison
2 Years Supervised Release
Chief Credit Officer, Senior Vice
President
TierOne Bank

Allen Reichman
1 Year and 9 Months in Prison
2 Years Supervised Release
Executive Director of Investments
Oppenheimer

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



Poppi Metaxas
1 Year and 6 Months in Prison
3 Years Supervised Release
CEO, President
Gateway Bank

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

Brian Hartline
1 Year and 2 Months in Prison
3 Years Supervised Release
CEO, President
NOVA Bank

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

Matthew L. Morris
1 Year in Prison
2 Years Supervised Release
Senior Vice President
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 Bank/NOVA Financial Holdings

Jeanette Salsi
7 Months in Prison
3 Years Supervised Release
Senior Underwriter
Pierce Commercial Bank

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

Samuel Cobb
3 Months in Prison
5 Years Supervised Release
Senior Vice President
Front Range Bank

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

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



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

Rodney Dunn
7 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

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

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

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



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

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

Michael Primeau
Time Served
3 Years Supervised Release
President
Lend America

Craig Meyer
Time Served
1 Year Supervised Release
Vice President, Principle, Loan
Officer
Pierce Commercial Bank

HOME CONFINEMENT

Adam Voelker
2 Months Home Confinement
Loan Processor
Pierce Commercial Bank

Darryl Woods
1 Year Home Confinement
CEO, Chairman, CFO (Mainstreet
Bank); Chairman, President (Calvert
Financial Corp.)
Mainstreet Bank

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.

46 BANKER CO-CONSPIRATORS SENTENCED TO PRISON



Lee Bently Farkas
30 Years in Prison
3 Years Supervised Release
Chairman, CEO
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/Operator
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)



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)



Lawrence Wright
6 Years and 3 Months in Prison
5 Years Supervised Release
Bluestar 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)



Dwight Etheridge
4 Years and 2 Months in Prison
5 Years Supervised Release
Owner/Operator
Twest Development and
Construction LLC
(Bank of the Commonwealth 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
Taylor, Bean & Whitaker
(Colonial Bank Case)



Brent Merriell
3 Years and 3 Months in Prison
5 Years Supervised Release
(Omni National Bank Case)



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



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



David 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)



Tommy 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)



Sheila Flynn
2 Years in Prison
5 Years Supervised Release
Operator
DS Realty, DES Equipment Waste
Mgmt. Solutions, Georgetown
Mobile Home Sales of Central
Kentucky
(PBI Bank Case)



Kenneth Sweetman
2 Years in Prison
3 Years Supervised Release
Title Agent
(Bank of America, CitiGroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



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



Matthew Amento
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
Residential Real Estate and
Construction, LLC
(Bank of America, CitiGroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



Daryl Wesley Clements
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner
Link Resources Partner, LLC
(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)



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



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



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



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

46 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)



Salvatore Leone
1 Year in Prison
3 Years Supervised Release
Project Manager/Partner
TBC Enterprises, LLC, North
Dover Holdings, LLC, Shoppes at
FieldStone Village, LLC
(Wilmington Trust Case)



Derrick Cheung
1 Year in Prison
2 Years Supervised Release
(Saigon National Bank Case)



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



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



Jose Luis Salguero Bedoya
10 Months in Prison
3 Years Supervised Release
Owner
New Jersey Real Estate Holding,
New Jersey Property Management
(Bank of America, CitiGroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



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



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
CNote 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)

HOME CONFINEMENT

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

Recardo Lewis
6 Months Home Confinement
Project Manager
Tinvest 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)

33 DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO PRISON



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



Robert Egan
11 Years in Prison
3 Years Supervised Release
President
Mount Vernon Money Center
(Victim: U.S. Bank, Webster Bank, Bank of America, NY Community Bank Corp)



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



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



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



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



Steven Pitchersky
4 Years and 3 Months in Prison
5 Years Supervised Release
Owner/Operator
Nationwide Mortgage Concepts
(Victim: Ally Bank)



Michael Edward Filmore
4 Years in Prison
5 Years Supervised Release
Operator
Healthcare Partners Group, LLC
(Victim: Pulaski Bank)



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



Selim Zherka
3 Years and 1 Month in Prison
5 Years Supervised Release
Owner, Publisher
Cheetah's Gentlemen'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)



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



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



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



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



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



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



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



Gregory Yates
1 year in Prison
3 years Supervised Release
CEO, President Quality 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)



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



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



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



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



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



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



Dahlanara 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)



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

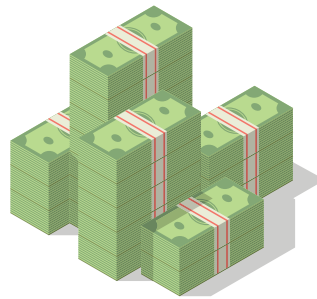
Securities Fraud: SIGTARP also investigates crime related to mortgage-backed securities related to TARP. In the first case of a type of securities fraud by a Wall Street trader for increasing the firm's profit by defrauding clients, trader Jesse Litvak of Jefferies & Co was sentenced to 2 years in prison for this fraud that defrauded clients including portfolio managers of TARP funds. Mr. Litvak's defense was that this was a standard industry practice. Four additional traders have also been convicted resulting from a SIGTARP investigation and others have been indicted, two in fiscal year 2017.



Jesse Litvak
2 years in prison
3 years supervised release
Trader
Jefferies & Co.

In SIGTARP's early years, we investigated investor scams misrepresenting TARP.

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



SCAMS USING TARP

15

SENTENCED TO PRISON

Julius Blackwelder
3 years and 10 months

John Farahi
10 years

Leigh Farrington Fiske
3 years and 1 month

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

Mortgage Fraud: SIGTARP is currently investigating banks and non-bank servicers in HAMP. With the expiration of the HAMP application period, we have ended investigations into con artists that stole from homeowners seeking admission into the program. One victim testified that after her servicer lost her application, she fell prey to a scam promising admission into the program. Her home and thousands of dollars were lost. Her story underscores the harm caused when mortgage servicers do not follow HAMP's rules, and why they must be held accountable to the rules and law. SIGTARP brought justice through 111 defendant convicted for these crimes with victims in every state.

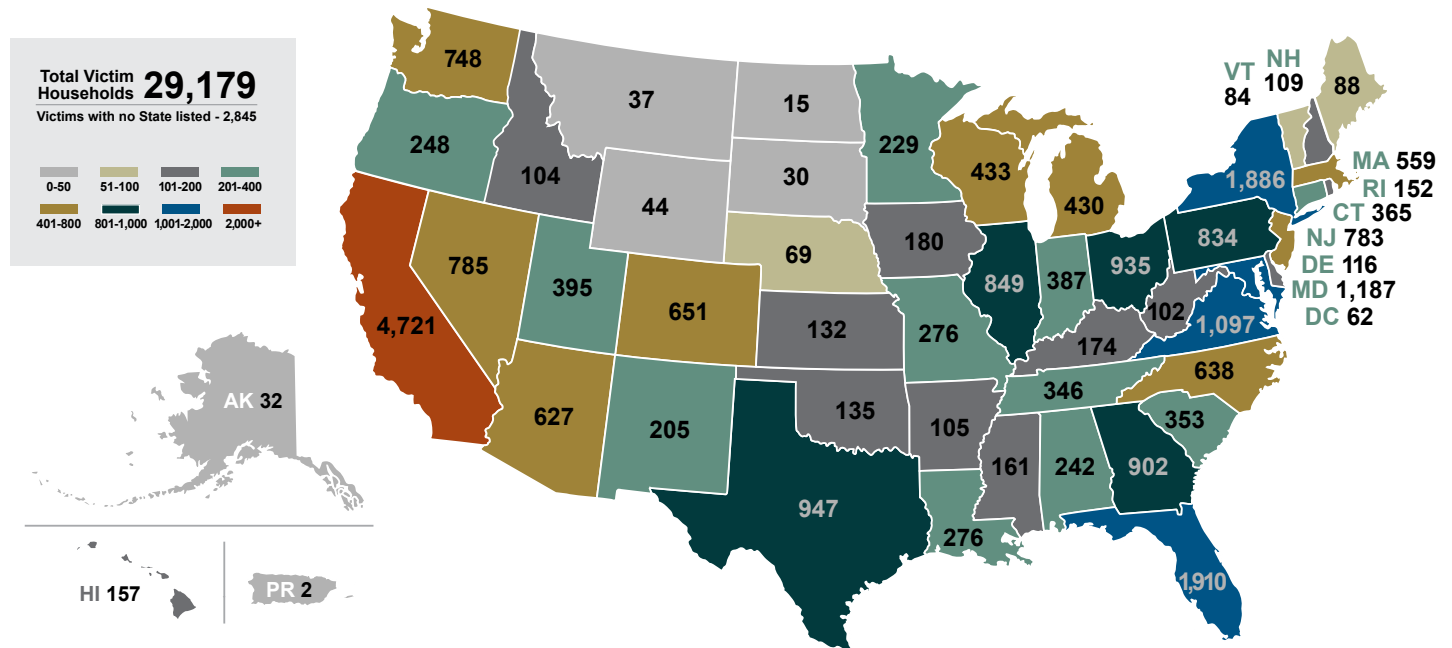
83 DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON

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

DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO HOME CONFINEMENT

Daniel Al Saffar 6 months	Mahyar Mohases 2 years
Matthew Goldreich 3 months	Sara Beth Bushore Rosengrant 1 year

VICTIMS OF MORTGAGE MODIFICATION SCHEMES BY STATE



SIGTARP AUDITS AND RECOMMENDATIONS



SIGTARP

SIGTARP AUDITS HAVE IDENTIFIED \$2 BILLION IN COST SAVINGS

RECENT FINDINGS



Nevada's Hardest Hit Fund wasted \$8.2 million while all but stopping admitting new homeowners



State agencies charged \$3 million in unnecessary expenses to the Hardest Hit Fund



Mortgage servicers have wrongfully terminated homeowners out of the Home Affordable Modification Program



The average cost of demolitions in Michigan and Ohio have skyrocketed in the last few years



Georgia's state agency mismanaged the state's Hardest Hit Fund, failing to meet program goals and wasting taxpayer dollars

OPEN AUDITS



Blight demolition costs in Flint, Michigan



Hardest Hit Fund travel and conference expenses



Blight greening and maintenance activities

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

Special Inspector General Goldsmith Romero

In Fiscal Year 2017, Treasury spent \$4 billion on contracts to procure services to administer TARP housing programs. Treasury did not set up these contracts as grants or cooperative agreements, but Treasury treats them as if they were. Managers in the Federal Government face ongoing challenges in grants and cooperative agreements to provide flexibility to recipients, while fulfilling the Federal Government’s responsibility of ensuring that the Agency receives fair value for its money and that recipients spend TARP funds appropriately to accomplish stated goals. This responsibility exists in all Federal agencies, and is not unique to TARP.¹ The fact that these contracts are not grants or cooperative agreements means that Federal standards and regulations do not apply to protect the Government or taxpayers.

SIGTARP seeks to assist Treasury in these efforts by: (1) auditing and evaluating individual contracts to determine whether the Government is receiving fair value for its money and that recipients are spending TARP funds appropriately to accomplish stated goals; and (2) investigating potential misuse of TARP dollars. Much of SIGTARP’s audit work is at the request of members of Congress.

During the past year, SIGTARP uncovered waste and misuse of TARP dollars. In a September 2016 audit, we found that a state agency in Nevada wasted \$8.2 million on parties, country clubs, a Mercedes, and more. In a September 2017 audit, we uncovered that several state agencies wasted or misused around \$3 million for large barbecues (including with Treasury employees), parties, seafood lunches, cash bonuses, gifts, avoidable storage costs, backdated costs, employee perks, and rent/operating expenses unrelated to TARP. SIGTARP also recently found in an October 2017 audit that under a Treasury contract, TARP dollars in the Hardest Hit Fund in Georgia were not administered appropriately and that the recipient, the Georgia Department of Community Affairs, was not accomplishing the stated goals of the program due to mismanagement.

In each audit, SIGTARP makes recommendations to Treasury designed to prevent fraud, achieve cost savings, recover wasteful spending, remove inefficiency and stop mismanagement. SIGTARP has identified \$2 billion in wasteful spending and cost saving recommended changes.

¹ For example, see NASA Office of Inspector General Semiannual Report to Congress, March 2017, “NASA spent approximately 77 percent of its \$18 billion FY2015 budget on contracts to procure goods and services, and the Agency awarded an additional \$905 million in grants and cooperative agreements. Accordingly, NASA managers face the ongoing challenge of ensuring the Agency receives fair value for its money and that recipients spend NASA funds appropriately to accomplish stated goals.”

SIGTARP found nearly \$3 million in waste and unnecessary spending in the Hardest Hit Fund – September 2017

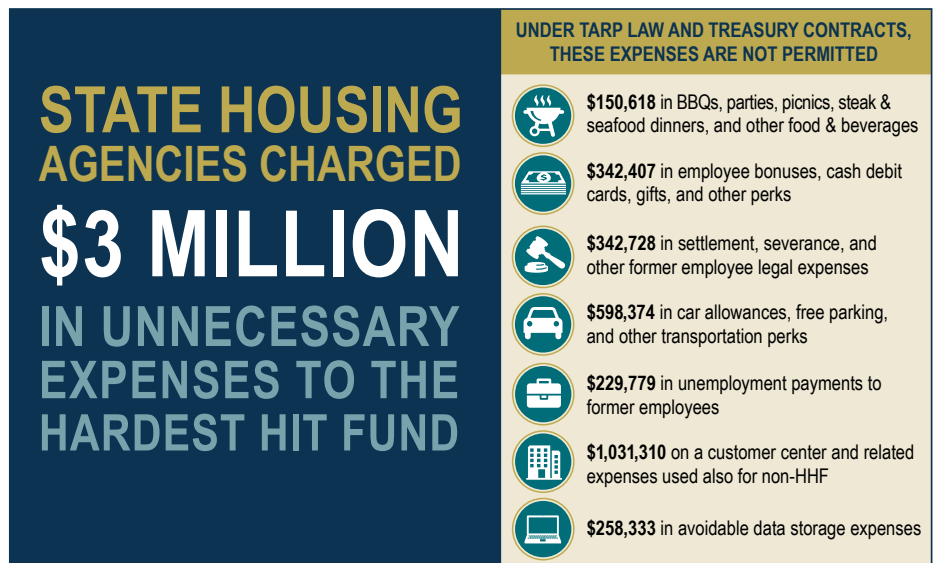
Completed Audit

Based on a request by Senator Chuck Grassley, SIGTARP audited state agency TARP spending for administrative expenses in the Hardest Hit Fund. We released an audit in September 2017, finding nearly \$3 million in unnecessary spending.



SIGTARP found that state housing agencies have squandered nearly \$3 million in waste and unnecessary spending. Some of the unnecessary expenses SIGTARP identified are large: Rhode Island charged TARP hundreds of thousands for the full cost of construction of a customer center despite it being also used for non- HHF purposes—after previously billing TARP for the build-out of an office in 2010. Other unnecessary expenses are smaller but numerous: TARP VISA gift cards for employees, TARP barbeques, TARP flowers, TARP gym memberships, TARP balloons—even a TARP piñata. See Figure 3.1.

FIGURE 3.1 UNNECESSARY EXPENSES CHARGED TO HHF



All these unnecessary expenses violate TARP law and Treasury's contracts. Every taxpayer dollar wasted is one less dollar for homeowners.

Unnecessary spending by state agency includes:

North Carolina state agency: \$107,821

\$2,830 spent on four catered barbecues and other food with Treasury employees, one served 90 people, another 60 people, and two more served 50 people; \$8,219 on parties, picnics, celebrations, and outings, including, for example, a Valentine's day party with décor and food, steak and seafood dinners, regular employee meals, and balloons, candles, cakes and cupcakes to celebrate the milestone of the number of homeowners helped; \$18,091 on employee cash bonuses; \$1,965 on VISA gift cards and other gifts including \$1,113 on customized Lands' End shirts and a \$50 CVS gift card to recognize new HHF Funding in 2016; \$8,880 on gym memberships, \$14,124 for employee breakfasts, lunches and dinner sometimes with external parties; and \$53,712 for food and other costs at events with housing counselors, including a 'celebration' of counselors that included \$400 in virgin cocktails, \$200 in mini cupcakes and a \$770 gratuity.

Rhode Island state agency: \$1,238,228

\$1,031,310 spent for the full cost -- despite the centers use for non-HHF programs -- to build out a new customer center with a new kitchen and furniture, backdated 'storage' costs in the agency's own building while HHF was closed; \$114,596 on a monthly \$105 payment to each employee to defray parking and transportation costs; \$14,994 on severance to former employees; \$75,703 on unemployment payments to former employees; and \$1,625 on food and beverages, including at meetings with lenders and trainings with counselors.

Nevada Affordable Housing Assistance Corporation: \$240,677

\$194,294 spent on private investigators, settlement payments for discrimination, and severance payments to former employees; \$43,497 spent on bonuses, of which nearly all went to the CEO who was later terminated; and \$2,886 on two employee picnics and other celebrations and food.

Florida Housing state agency: \$107,864

\$106,774 spent on bonuses approved by the now terminated executive director; \$636 on gift certificates to employees; and \$454 for a TARP barbecue, an all employee lunch, and a lunch with Bank of America.

District of Columbia's state agency: \$259,017

\$258,333 spent to prepay for five years of avoidable online storage access and data two years after the HHF program was closed to homeowner applications; \$202 for a continental breakfast with Treasury employees; and \$482 on breakfast and snacks during a training.

Illinois Housing state agency: \$114,408

\$14 spent on Treasury employee breakfast. \$98,305 spent on employee cash awards; and \$16,089 supplies, parties, celebrations, food and beverages, (including for a contractor to deliver coffee and water), lunch at a pizza restaurant to “to celebrate getting new HHF funds and an employee’s upcoming wedding,” and an employee retirement party.

Michigan state agency: \$337,349

\$77 spent on refreshments and meals for Treasury employees; \$330,575 spent to provide free parking to employees; \$6,642 in parties, celebrations or other food and beverages, including cupcakes, ice cream sandwiches, balloons, and pizza; and \$55 on employee gifts from Bed, Bath & Beyond.

Alabama state agency: \$705

\$341 spent on meals and other food for Treasury employees, including a barbeque; \$198 in other food, including meals with Bank of America staff; and \$166 on Visa gift cards and fruit baskets.

Kentucky state agency: \$49,150

\$159 spent on catered lunches with Treasury employees; \$46,811 spent on severance payments for three employees; \$654 spent on gift certificates and cash bonuses, and \$1,526 spent on food and beverages, including a picnic with food trucks, an employee gelato outing.

Ohio state agency: \$204,522

\$127,932 spent on TARP cars and a \$90-110 monthly payment to employees for transportation; \$63,432 on unemployment payments to former employees; and \$13,158 on events with housing counselors, including paid admission at one zoo and breakfast and lunch at three other zoos.

South Carolina state agency: \$49,402

\$20,627 spent on an executive’s use of a car for more than three years; \$12,735 for food and beverages at annual meetings with legislative staff and at training events; and \$16,040 on employee bonuses.

Oregon state agency: \$165,995

\$430 on restaurant lunches with Treasury employees, including coffee pastries and desserts, and twice for lunch for their staff to celebrate after Treasury’s audit; \$84,256 spent to settle a former employee’s wrong termination litigation and the legal claims of two other terminated employees; \$79,742 spent on unemployment payments to former employees and \$1,567 on food and beverages, including lunch at Newport Seafood Grill with Bank of America staff.

Tennessee state agency: \$5,985

\$5,558 spent on unemployment benefits; and \$427 on food and beverages during a training.

Georgia state agency: \$6,813

\$6,813 spent on a contractor to deliver breakroom beverages, including water coffee, tea and hot cocoa.

Indiana state agency: \$46,658

\$45,100 spent on employee bonuses; and \$1,558 on water for employees.

Mississippi state agency: \$8,111

\$369 spent on restaurant lunch for 30 people, including Treasury employees; \$5,343 spent on unemployment benefits; and \$2,399 on training lunches with counselors.

California state agency: \$7,017

\$4,644 spent on contractor parking; and \$2,373 to a contractor's laid-off employee to avoid the cost of litigation.

Arizona state agency: \$2,244

\$2,244 spent on an employee bonus.

New Jersey state agency: \$1,585

\$1,585 spent on food and beverages, including \$472 at Land & Sea Restaurant and \$1,113 at Italian Peoples Bakery.

30 Unimplemented Priority Recommendations From Audit

Reflects recoveries and cost savings of \$4,378,914

State Agencies should be required to repay amounts charged to HHF that were not necessary to help homeowners or demolish blighted properties

Treasury should perform more rigorous oversight of the state agencies to ensure that State Agencies are only charging HHF for costs that are necessary to help homeowners or demolish blighted properties

Treasury should prohibit TARP funds for being used to pay for bonuses, gym memberships, parties, meals, gifts and other expenses that are not necessary to helping homeowners and demolishing blighted properties

SIGTARP Found Mismanagement by the Georgia Department of Community Affairs in the Hardest Hit Fund – October 2017

Completed Audit

Based on a request by Congressman John Lewis of Georgia, SIGTARP audited the Hardest Hit Fund in Georgia.



SIGTARP found that the Hardest Hit Fund does not meet the urgent, local needs of Georgian homeowners, including in counties in DeKalb, Fulton and Clayton counties. SIGTARP found that the problem was neither a lack of need nor lack of interest, but statewide mismanagement by Georgia's Department of Community Affairs (DCA), the state's housing finance agency and Treasury's HHF contractor. HHF is set up in a way that ideally there are good guidelines with the state agencies making decisions and operating with flexibility, with less Treasury involvement, particularly after seven years. Treasury faces a challenge in providing flexibility, while fulfilling its responsibility to ensure that Treasury and TARP receive fair value for taxpayer dollars and that recipients spend TARP dollars appropriately to accomplish stated goals. When HHF was created, Treasury promised accountability.

SIGTARP's audit is based on accountability. DCA applied to be part of the HHF program by promising Treasury in 2010 that it would distribute most of the funds in the first two years to 9,000 homeowners the first year, and 9,500 homeowners the second year. It has taken DCA more than six years to distribute the funds to 9,601 homeowners, while half of the available funds sit unused. If the funds are unused, they are not kept at Treasury, but instead, Treasury can sweep them from Georgia and allocate them to another state that will disburse the funds. DCA has consistently ranked among the least effective state agencies in disbursing HHF. In 2012, Treasury realized that DCA was nowhere near meeting its targeted number of homeowners, so Treasury set quarterly and annual targets. DCA did not meet Treasury's targets or their own targets.

DCA's actions jeopardized the program mission – the definition of mismanagement. DCA turned down two of every three Georgians (20,051 applicants), one of the worst rates in the program. DCA turned away veterans, and many making less than \$20,000 a year. SIGTARP analyzed DCA's data to determine the specific reasons by people were turned away. It had an online application system that was confusing and often broken. It required unnecessary red tape, for example requiring the homeowner to submit within 30 days a tax transcript stamped by the IRS, and a two year history of mortgage payments from the lender. There was overly strict criteria that did not exist in other states in this

program. For example, DCA turned away one woman who could not keep her job during chemotherapy for breast cancer saying that her “hardship” was medical, not unemployment. These were not Treasury requirements, were not required of homeowners in other states, and were not antifraud measures. The risk of fraud is low in this program because homeowners receive no money in their pocket; state agencies disburse the funds to mortgage lenders. DCA knew about these impediments, were repeatedly warned that these were impediments, and knew that these requirements did not exist in other states. However, DCA dug their heels in rather than make significant change to meet their own targets or Treasury’s targets. One housing counselor only suggested HHF as a last resort to homeowners.

While DCA withheld the funds from homeowners, they paid themselves \$32 million in salaries and other operating expenses. In 2016, when Treasury was apportioning money for states from the additional \$2 billion Congress authorized for HHF, it rejected the Georgia agency’s request for \$33.5 million because it had failed to meet Treasury’s targets.

DCA’s mismanagement also cost taxpayer dollars. If DCA had met their targets, taxpayers would have saved \$15-20 million in DCA’s expenses and operating expenses. Other state agencies shut down their programs, laid off staff and wound down operations in 2013 and 2014.

30 UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Mismanagement Cost Taxpayers \$18.6 million

Remove impediments to Georgia homeowners receiving Hardest Hit Funds such as overly strict criteria and unnecessary red tape

Fix a broken and confusing online application system

Conduct outreach to assist homeowners in applying counties.

KEY UNIMPLEMENTED RECOMMENDATIONS FROM PRIOR SIGTARP AUDITS

SIGTARP found \$8.2 million in waste and abuse in the Hardest Hit Fund in Nevada – September 2016

28 UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Reflects cost savings and recoveries of \$62.2 million

Seek repayment of \$8.1 million in waste from Nevada contractor

Remove contractor NAHAC that wasted TARP dollars while all but stopping disbursing Hardest Hit Funds to Nevada homeowners

Specified limits on future expenses

After the report, Senator Chuck Grassley sent a letter to Treasury expressing concerns about Treasury's oversight to prevent waste. After receiving Treasury's response, Senator Grassley issued the following comment on Treasury's response:

"The Treasury Department tiptoes around its responsibility to ensure that \$9.6 billion in taxpayer funding is used effectively to help vulnerable homeowners stay in their homes. Treasury writes the checks and relies on states to spend the money. If states don't pay attention to whether the money is spent properly, abuse can and does occur, as we saw in Nevada." This is unacceptable for both homeowners who were supposed to be helped by this program and the taxpayers. SIGTARP and the Government Accountability Office are right to conduct oversight and fill the void left by the Treasury Department."

Senator Chuck Grassley

Ongoing Audit

Based on a request by Senator Chuck Grassley in October 2017, SIGTARP opened an audit to review travel, conference and other spending by state agencies in the Hardest Hit Fund.



Congressional Letter Supporting Recommendations

Senator Catherine Cortez Masto of Nevada, wrote a letter to the Nevada Affordable Housing Assistance Corporation providing suggestions to improve the Hardest Hit Fund in Nevada and better serve Nevadans.



Ongoing Audit

Based on concerns raised by Representative Dina Titus of Nevada, in October 2016, SIGTARP initiated a second audit into the Hardest Hit Fund in Nevada.



SIGTARP Identified TARP Demolition Program at Significant Risk of Overcharging, Fraud, and Unfair Competitive Practices That Could Drive Up Costs – June 2016

18 UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Reflects Cost Savings of \$161 million

Implement standard federal contract requirements that ensure full & open competition for blight demolition

Establish necessary and reasonable demolition costs using independent experts, third party fair market value quotes and current/historical costs

Benchmark claims against necessary and reasonable cost analysis



CONGRESSIONAL LETTER SUPPORTING RECOMMENDATIONS

Members of the House Committee on Oversight and Government Reform including Chairman Jason Chaffetz, Subcommittee Chairman Jim Jordan, Representative Mick Mulvaney, and Representative John J. Duncan, Jr., wrote the Treasury Secretary asking for a timeline to implement SIGTARP's recommendations.

CONGRESSIONAL LETTER SUPPORTING RECOMMENDATIONS

Representative Dan Kildee of Michigan wrote a letter to the Treasury Secretary asking about implementation of SIGTARP's recommendations.

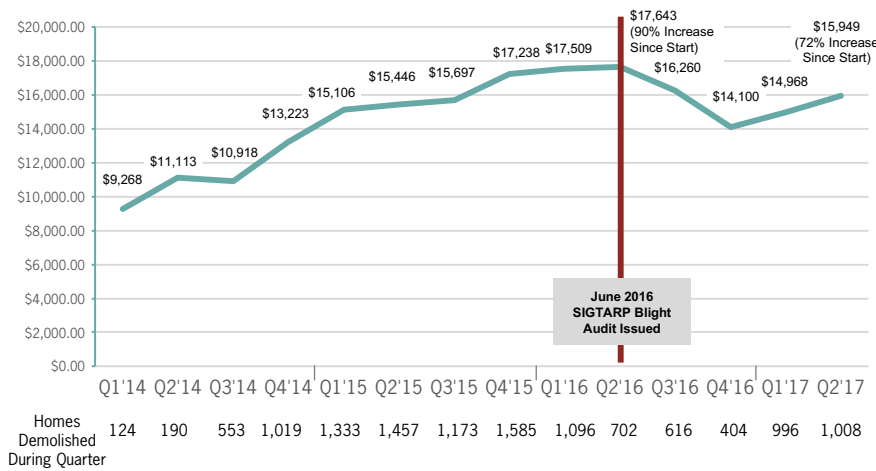


Rising Costs in HHF Blight Demolition

In April, 2017, SIGTARP found that demolition costs paid for with TARP dollars rose significantly in Ohio and Michigan. Specifically demolition costs rose 90% in Michigan, which accounts for nearly half of all TARP-funded demolitions, then decreased after SIGTARP’s June 2016 audit.

Figure 3.2

MICHIGAN AVERAGE DEMOLITION COSTS

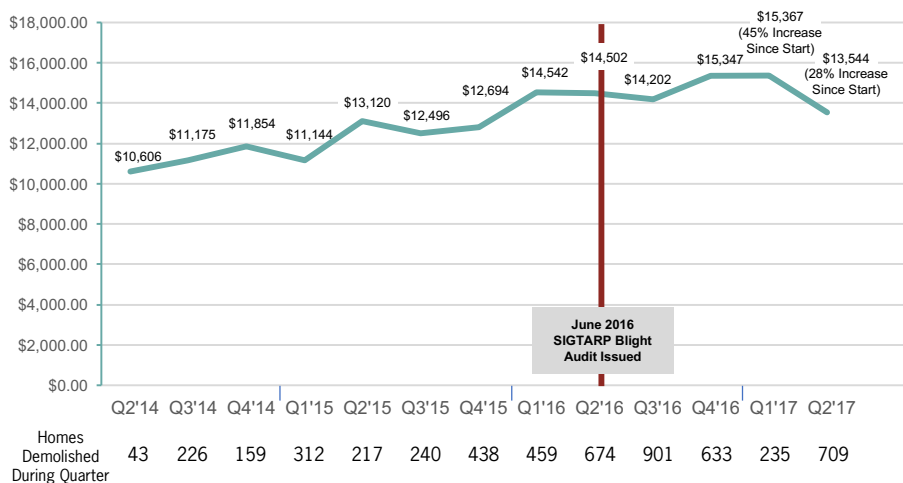


Source: SIGTARP analysis of Michigan HHF Blight Demolition data through 6/30/17, obtained via Michigan State Housing Development Authority Response to SIGTARP data call.

Ohio demolition costs rose 45% and decreased only in the most recent quarter. See Figure 3.3.

Figure 3.3

OHIO AVERAGE DEMOLITION COSTS



Source: SIGTARP analysis of Ohio HHF Blight Demolition data through 6/30/2017, obtained via Ohio Housing Finance Agency response to SIGTARP data call.

SIGTARP Identified Servicer Wrongdoing in HAMP – Multiple Reports in 2015, 2016, 2017

UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Take action to curb people canceling out of HAMP

Determine extent of servicer misconduct in canceled homeowners

Ensure servicers properly transfer HAMP contract with transferred mortgage

Suspend and/or claw back Federal dollars when servicers violate Treasury's contract

SIGTARP Identified Abuse: Indiana Hardest Hit Fund Used TARP Funds to Demolish Occupied Homes Rather Than Abandoned Houses - Dec. 2015

UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Treasury recover from the Indiana state agency the \$246,490 in TARP spent on abuse of evicting people out of houses so houses could qualify for TARP funded demolition.

SIGTARP Identified Inefficiencies and Poor Record Keeping in the Hardest Hit Fund - Jan. 2017

3 UNIMPLEMENTED PRIORITY RECOMMENDATIONS

Eliminate unnecessary criteria that may preclude lower-income homeowners from HHF

Maintain detailed records of why each person was denied

Allow homeowners facing upcoming layoffs to be eligible for HHF before becoming past-due on their mortgage

CONGRESSIONAL LETTER SUPPORTING RECOMMENDATIONS

Representative Michael Turner of Ohio wrote a letter to the Treasury Secretary asking about implementation of SIGTARP's recommendations saying they were practical and make sense.



SIGTARP'S OVERSIGHT BY TARP PROGRAM

SIGTARP INVESTIGATIONS RELATED TO TARP BANKS

SIGTARP's criminal investigations have resulted in 55 bankers sentenced to prison. With dozens of additional bankers charged and investigations continuing, more bankers are likely to be sentenced to prison in the future.

55 bankers have been sentenced to prison because of SIGTARP

SIGTARP's criminal investigations have resulted in the Justice Department and one state attorney general bringing criminal charges against 98 bankers, about half of which were in last three years. Prosecutions of bankers investigated by SIGTARP bring justice, provide general deterrence, and allow taxpayers to recover losses in TARP. By removing bad actors who committed crimes in banks, these prosecutions make the banking system stronger.

Strengthening Banks through Law Enforcement

The impact of law enforcement investigations of bank fraud and other unlawful conduct at banks is often out of the limelight, but is critical. At small and midsized banks, SIGTARP has learned how bankers hide fraud in cooked books, and the red flags that point to such crime. This expertise helps us find and investigate hidden crime quicker, as evidenced by the uptick in charged bankers in recent years.

Law enforcement makes banks and the banking system stronger

Bank examiners did not detect the crimes SIGTARP found, but in some cases they should have, given existing red flags. Forty two of the 55 bankers sentenced to prison were at failed or acquired banks, evidencing that fraud harms the safety and soundness of banks. Many of these prosecutions involved crime unrelated to the financial crisis, similar crimes can occur in times of economic recovery. With the largest banks, our investigations and resulting Justice Department enforcement actions have had a deterrent impact and led to important industry changes to unlawful practices. These changes strengthen banks. SIGTARP's

investigations and resulting Justice Department enforcement actions in Fiscal 2016 and 2017 against Goldman Sachs, Morgan Stanley, and Ally Financial for misrepresentations in residential mortgage backed securities have led to increased due diligence of mortgage backed securities. Also as part of a Justice Department action, in 2017, Ally Financial closed down its securities business that had engaged in unlawful conduct. SIGTARP's investigation resulting in the Justice Department 2015 action against Fifth Third Bank for selling defective mortgages with false representations to the Department of Housing and Urban Development led to changes in its quality control program, and the termination of quality control management employees. At SunTrust Bank, unopened Home Affordable Modification Program (HAMP) application packages were piled so high in a room that the floor buckled. SIGTARP's investigation resulting in the Justice Department 2014 action against SunTrust led to changes to prevent unlawful practices and removed a number of management employees. Each of these changes made banks and the banking system stronger by reducing risk in problem areas that contributed to the crisis and the resulting TARP bailout. These changes reduce the likelihood that future taxpayer bailouts are needed.

SIGTARP's Current Investigative Priorities

We remain focused on our mission to investigate bankers who commit crimes at TARP banks, particularly where taxpayers lost TARP dollars or where the crime is egregious (such as alleged money laundering for international narcotics trafficking charged in one TARP bank). When SIGTARP finds crime where taxpayers or TARP programs are victims, we do not close the investigation just because the bank fails, is acquired, or Treasury sells its TARP stock.

Treasury's investment decisions to sell TARP stock cannot, and will not, relieve a banker of criminal accountability for crimes when the bank was in TARP

It is SIGTARP's duty to protect taxpayers against crimes that undermine a core rationale for TARP investments in banks: lending to Americans. Without SIGTARP's focus, expertise, and dedicated resources, many of these bankers who committed crimes in TARP banks might not be caught or prosecuted. We anticipate more arrests and more recoveries in our ongoing investigations.

Significant Upcoming Criminal Trials from SIGTARP Investigations of TARP Bankers

For exampleⁱ:

Wilmington Trust: In October, 2017, a trial was scheduled for criminal charges resulting from a SIGTARP investigation into Wilmington Trust Corporation and four senior bank officers were indicted in 2015, President Robert V.A. Harra, CFO David Gibson, CCO William North, and Controller Kevyn Rakowski. The defendants were indicted, charged with concealing from the Federal Reserve, the Securities and Exchange Commission (SEC) and the investing public the total quantity of past due loans on its books.

During the course of the alleged conspiracy, in February 2010, Wilmington Trust raised approximately \$273.9 million through a public stock offering. In November 2010, Wilmington Trust announced an agreement to be acquired by M&T Bank at a price of \$3.84 per share, a discount of approximately 46% from the bank's share price the prior trading day, and approximately \$9.41 per share less than at the time of Wilmington Trust's capital raise in February 2010. The decline in price from February represented a loss of \$204 million in total market value of the shares bought during the capital raise.

During jury selection, on October 10, 2017, Wilmington Trust resolved its indictment with DOJ and forfeited \$60 million. The court extended the trial of the President, CFO, CCO and Controller until March, 2018. Acting U.S. Attorney for Delaware, David Weiss, issued the following statement about the resolution:

“Wilmington Trust Company (WT) has been a fixture in this community for more than 100 years. This is why the bank's decline and the fire sale acquisition by M&T Bank was such a significant development in this community; and why this office has invested substantial time, energy and resources in the investigation and prosecution of this case.

The United States Attorney's Office for the District of Delaware has reached a resolution with WT. The key terms, from our perspective, are as follows:

- WT admits that it agreed to submit Monthly Regulatory Reports to the Federal Reserve between October 2009 and July;
 - Those reports included past due loan information.
 - The past due loan numbers submitted to the Federal Reserve did not include past due loans that WT chose to “waive.”
 - We say that those monthly reports were false. These facts and those set forth in the Civil Forfeiture Complaint filed earlier today, provide a basis to forfeit the proceeds of this unlawful activity.
- As a result, WT and the USAO have agreed to a total settlement amount of \$60,000,000, which credits WT with its prior payment to the SEC in the amount of \$16,000,000, and requires an additional forfeiture payment of \$44,000,000.

ⁱ An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

- Further, WT agrees to cooperate with the USAO moving forward. In return, the USAO has agreed to dismiss all criminal charges pending against WT, and the parties have agreed to exchange mutual releases.
- To function effectively, our financial markets require accurate disclosures—and regulators need to receive accurate information.

That didn't happen here.

We believe today's resolution accomplished three important objectives. First, we secured a substantial payment for victims who sustained losses as a result of what transpired. Second, WT accepted responsibility for its actions. And third, if possible, we wanted to avoid the collateral consequences of a criminal conviction for the bank, which could have resulted in the loss of jobs and revenue for our community.”

David Weiss, Acting U.S. Attorney for Delaware

Three other Wilmington Trust bank officers have been convicted following SIGTARP's investigation including Vice President Joseph Terranova, Delaware Market Officer Brian Bailey, and Loan Officer Pete Hayes. Co-conspirator Dover real estate developer Michael Zimmerman (now deceased) was also indicted. Two co-conspirators were sentenced to prison. James Ladio, the former CEO of MidCoast Community Bank was sentenced to two years in prison and ordered to pay \$700,000 restitution. Salvatore Leone was sentenced to one year and one day in prison and ordered to pay \$784,568.

Sonoma Valley Bancorp: Trial began on October 23, 2017 in San Francisco, at the U.S. District Court for the Northern District of California.

As a result of a SIGTARP investigation, in March, 2014, Sean Cutting, the former bank President and CEO; Brian Melland, bank Senior Vice President; bank borrower Bijan Madjlessi (now deceased) and David Lonich (attorney for Madjlessi), were charged for their roles in an alleged bank fraud scheme that caused TARP recipient Sonoma Valley Bank (“SVB”) to suffer over \$9 million in losses and caused SVB to fail in August 2010. SVB never repaid the \$8.65 million in TARP funds it received in February 2009.

In September 2017, an additional indictment alleges that from approximately 2005 to 2010, Cutting, Melland and Lonich conspired to and committed bank fraud in part by concealing from SVB that Madjlessi was the borrower on loans in order to avoid legal lending limits. It was also alleged that Cutting and Melland conspired to make false statements to the FDIC and misapplied bank funds and Melland, alone, is alleged to have received gifts for procuring loans.

Saigon National Bank: In 2017 and 2018, trials are scheduled for criminal charges resulting from a SIGTARP investigation. In December 2015, SIGTARP agents, with other Federal law enforcement authorities, arrested 15 defendants (and charged 20 defendants across three indictments) in Operation “Phantom Bank,” an alleged money laundering scheme for international narcotics trafficking and proceeds; some through Saigon National Bank. A total of 25 defendants have been indicted. The 109 page Federal Racketeer-Influenced and Corrupt Organizations Act (RICO) indictment against former bank CEO and President Tu Chau “Bill” Lu and others alleges that Lu orchestrated the scheme to launder \$3.75 million in drug proceeds.

The RICO count alleges that Lu and 5 other defendants were members of a criminal organization that was involved in narcotics trafficking and international money laundering in countries that included the United States, China, Cambodia, Liechtenstein, Mexico, and Switzerland. Saigon National Bank was one of 12 TARP banks to reject Treasury’s request to send an observer to the bank’s board meetings. Saigon National Bank exited TARP in April 2017.

SIGTARP Investigations of Banks or Credit Unions Where Treasury Holds TARP Securities

Only about half of TARP banks repaid TARP in full. For the remaining banks, TARP suffered a loss in a sale (236 banks) or a loss in a restructuring, exchange or other write-off (31 banks). As of September 30, 2017, Treasury holds \$124 million in securities in 38 banks.¹ SIGTARP’s investigations have already resulted in criminal prosecutions in 7 of these banks.

For example:ⁱⁱ

One Financial Corp: On May 8, 2017, Treasury acquired \$8 million in stock resulting from a SIGTARP investigation. In January 2016, DOJ won a \$47 million judgement in a False Claims Act suit and a forfeiture action, against the late Layton P. Stuart. A SIGTARP investigation found that Stuart the former CEO and President of One Financial Corp., in Little Rock, Arkansas, obtained \$17.3 million in TARP funds under false pretenses and diverted some of those funds for personal use including the purchase of luxury vehicles for his wife and children. Within two weeks of receiving TARP funds, Stuart diverted \$2.185 million into his personal accounts. CEO Stuart’s estate paid the Government \$4 million and \$6.9 million to One Financial’s subsidiary One Bank. The luxury vehicles have been seized and are pictured in the SIGTARP Law Enforcement section of this report, and \$133,065 in bank accounts were turned over to the Government.

In an unrelated scheme regarding a bank loan to borrower Alberto Solaroli, following a SIGTARP investigation, Senior Executive Vice President Gary Rickenbach was convicted, and sentenced to probation in December 2016 and on March 2, 2016, Solaroli was sentenced to one year in prison and required to pay \$120,000 in restitution.

ⁱⁱ An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

Broadway Bank: Treasury remains a large shareholder in the bank – as the bank was unable to repay TARP due to a fraud scheme uncovered by SIGTARP. Following a SIGTARP investigation, on October 26, 2016, Broadway Bank Loan Officer Paul Ryan was sentenced to 18 months in prison. The bank, according to a L.A. Times story, “had long provided loans to local houses of worship, but in 2007, with Ryan’s help, it started lending to churches across the country.” Many of those loans defaulted, causing at least \$5 million in losses. Ryan abused his position of trust and caused bank losses by using inflated financial information for borrowers in loan applications. In this mortgage scheme aimed at predominately African-American churches, he demanded more than \$350,000 in bribes from brokers. One of the brokers who paid kickbacks—Chester Peggese— was sentenced in February 2016 to one year and one day in prison and was ordered to pay \$4.2 million to the bank. When investigators closed in, Ryan tried to cover up his crimes by telling a co-conspirator to lie on his behalf. Bank CEO Wayne- Kent Bradshaw reportedly told the L.A. Times about the church loans, “It was by far the major basis for problems at the institution. It was a big and bad operation. Broadway had a large church portfolio, and it fell apart. We found out it was the making of a rogue lender.”

Porter Bancorp (PBI): On June 19, 2017, bank borrower Daniel Sexton was sentenced to nine years and one month in prison. Following a SIGTARP investigation, on May 5, 2016, Joseph Tobin a loan officer at Porter Bancorp was charged along with bank borrowers Daniel Sexton, Jonathan Williams, and Sheila Flynn for a scheme to defraud PBI and other banks. The scheme allegedly resulted in PBI funding millions in loans based on false information. Treasury took a loss of \$31.5 million on the TARP investment along with 13 missed dividend payments totaling \$6,737,500. Treasury continues to hold warrants in the bank.

Harbor Bank: In 2017, Harbor Bank employee Rodney Dunn, co-conspirators Darryl Clements and David Odom were sentenced to prison for defrauding the bank to secure \$13 million in financing for a movie.

SIGTARP Investigations Related to Failed, Bankrupt or Defunct Later Acquired TARP Banks

SIGTARP investigations have resulted in criminal prosecutions related to 15 of 34 failed TARP banks. For the 34 TARP banks that failed, as shown in Table 4.1, Treasury suffered a full loss of the whole TARP investment or Treasury received a small amount in the liquidation of the failed bank. Treasury also suffered losses of unpaid TARP dividends owed by banks that failed.

TABLE 4.1

BANKRUPT OR WITH FAILED SUBSIDIARY TARP BANKS AS OF 9/30/2017		
(\$ MILLIONS)		
Company	TARP Loss	SIGTARP Investigation
CIT Group Inc., New York, NY	\$2,330.0	
UCBH Holdings Inc., San Francisco, CA	\$298.7	✓
Anchor Bancorp Wisconsin Inc.	\$110.0	✓
Midwest Banc Holdings, Inc., Melrose Park, IL	\$89.4	
Integra Bank Corporation, Evansville, IN	\$83.6	✓
First Place Financial Corporation	\$72.9	
Superior Bancorp, Inc., Birmingham, AL	\$69.0	✓
Tennessee Commerce Bancorp, Inc., Franklin, TN	\$30.0	✓
Princeton National Bancorp	\$25.1	✓
Rogers Bancshares, Inc.	\$25.0	
TCB Holding Company	\$11.7	
Cecil Bancorp, Inc., Elkton, MD	\$11.6	✓
Citizens Bancorp, Nevada City, CA	\$10.4	✓
Premier Bank Holding Company	\$9.5	
Sonoma Valley Bancorp, Sonoma, CA	\$8.7	✓
Syringa Bancorp	\$8.0	
GulfSouth Private Bank	\$7.5	✓
Western Community Bancshares, Inc., Palm Desert, CA	\$7.3	
Idaho Bancorp, Boise, ID	\$6.9	
Pierce County Bancorp, Tacoma, WA	\$6.8	✓
Premier Bancorp, Inc., Wilmette, IL	\$6.8	✓
Rising Sun Bancorp, Rising Sun, MD	\$6.0	
FPB Bancorp, Port Saint Lucie, FL	\$5.8	
Legacy Bancorp, Inc., Milwaukee, WI	\$5.5	
One Georgia Bank, Atlanta, GA	\$5.5	
Blue River Bancshares, Inc., Shelbyville, IN	\$5.0	

Continued on next page

BANKRUPT OR WITH FAILED SUBSIDIARY TARP BANKS AS OF 9/30/2017
 (\$ MILLIONS) (CONTINUED)

Company	TARP Loss	SIGTARP Investigation
Pacific Coast National Bancorp, San Clemente, CA	\$4.1	
CB Holding Corp., Aledo, IL	\$4.1	✓
Investors Financial Corporation of Pettis County, Inc.	\$4.0	✓
Tifton Banking Company, Tifton, GA	\$3.8	✓
Gold Canyon Bank	\$1.6	
Fort Lee Federal Savings Bank	\$1.3	
Indiana Bank Corp.	\$1.3	
Gregg Bancshares, Inc.	\$ 0.9	
Total	3,277.8	15

Notes: Numbers may not total due to rounding.

Sources: Treasury, *Transactions Report*, 10/4/2017.

SIGTARP investigations led to criminal charges against bank officials in 12 failed/bankrupt TARP banks (11 CPP banks and 1 CDCI bank) and against borrowers who defrauded 8 TARP banks that later failed. Also as a result of SIGTARP investigations, the SEC has brought civil securities fraud charges related to failed TARP banks. Key investigations of failed or defunct banks include:

UCBH Holdings Inc./United Commercial Bank, San Francisco, California:

Following a SIGTARP investigation, United Commercial Bank Holdings, Inc. (“UCBH”) COO and Chief Credit Officer Ebrahim Shabudin was sentenced to 8 years and 1 month in prison. Former Senior Vice President, Thomas Yu was convicted, and sentenced to probation on DOJ’s recommendation in August 2016 after he testified at trial against Shabudin. CFO Craig On was convicted and awaits sentencing. DOJ deferred prosecution of two other bank officers. Both testified at trial. UCBH was the 9th largest bank to fail since 2008 and Treasury took a nearly \$300 million loss on its TARP investment in UCBH. From 2004 to 2007, United Commercial Bank began aggressively expanding, nearly doubling its loans, with a goal to be a \$10 billion bank so that it could become a bank in China. During the crisis, in an attempt to have the bank appear to “break even,” COO Shabudin and co-conspirators manipulated the bank’s books and records, and issued false press releases, filings with examiners, and false financial statements. He fraudulently delayed downgrading the risk ratings of loans. He hid that the inventory of electronics that served as collateral for a major loan turned out to be fake even though bank officials found a warehouse of empty boxes. He hid that other loans had real property as collateral that had significantly declined in value. Then U.S. Attorney Melinda Haag, the prosecutor on the case at the time, said, “UCB is one of the largest criminal prosecutions brought by the U.S. Department of Justice of wrongdoing by bank officers arising out of the 2008 financial crisis.”

Pierce County Bancorp, Tacoma, Washington: Following a SIGTARP investigation, 10 officials from the bank and its mortgage subsidiary have been convicted and sentenced to prison, five in 2017, for a mortgage fraud scheme that resulted in the collapse of the bank. The most senior bank official, Shawn Portmann, who was a Senior Vice President and Loan Officer was sentenced to 10 years in prison. Portmann and other officials falsified information about borrower qualifications as well as their intention to reside in the homes being financed. For more than 300 loans, more than half the loans defaulted or caused bank losses. Portman and other officials were compensated for each loan's total value. Pierce Commercial Bank received \$6.8 million in TARP funds in January 2009, all of which was lost when the bank failed.

Tennessee Commerce Bank: In April, 2017, Lamar Cox, the former Chief Operating Officer and director of TARP recipient Tennessee Commerce Bank (TCB), was convicted for causing the bank to make a false statement to the FDIC, concealing the true financial condition of the bank. When TCB failed, taxpayers (through Treasury) lost the entire \$30 million TARP investment. Cox devised a scheme to deceive the FDIC by delaying reporting of losses faced by TCB on the sale of foreclosed properties. Cox created a pre-planned and fraudulent "posting error," so TCB would report only some of the loss from the sale of the foreclosed properties, understating its net losses. Cox's fraud concealed the true financial condition of TCB from shareholders, examiners and the public.

GulfSouth Private Bank, Destin, Florida: In June 2017, following a SIGTARP investigation, the two top bank officers from TARP recipient GulfSouth Bank (GulfSouth) were sentenced to prison. President Anthony Atkins was sentenced to over five years in prison, and Vice President Samuel Cobb was sentenced to three months in prison. Five co-conspirators have been convicted in the case.

When GulfSouth failed, taxpayers (through Treasury) lost the entire \$7.5 million TARP investment. Atkins devised schemes to conceal that loans were defaulting. Atkins and Cobb, solicited co-conspirators to take out new loans from GulfSouth to purchase the distressed properties. Thereafter, Atkins and Cobb caused new mortgage loans and additional lines of credit to be issued to the co-conspirators. The new loans were then used to pay off the old loans that were going into default. The new loans and lines of credit created the appearance that the debt was "performing," which allowed Atkins to hide the defaulting loans fraudulently.

Premier Bank, Wilmette, Illinois: On November 1, 2016, Zulfikar Esmail, the bank's Chairman of the Board, was sentenced to five years in prison. His wife, Shamim Esmail, who was the bank's general counsel and director, was sentenced to probation. The scheme defrauded Treasury out of \$6.784 million in TARP funds lost when the bank failed, in addition to \$64.1 million estimated cost to the FDIC due to the bank's failure. A SIGTARP investigation uncovered a massive hidden six-year bank fraud conspiracy and criminal enterprise that led to the collapse of the bank. It is alleged that Zulfikar hid the poor financial condition of Premier Bank from regulators,

engaged in a criminal shakedown scheme, ordered construction and improvements to his home and rental properties, including construction of an underground tunnel at his home, and directed the contractor to prepare invoices that fraudulently showed the work was done at the bank in order to bill the bank for the work. By late 2008, when the bank was near failure, the bank applied for and received the first of two payments from TARP in order to further the criminal scheme.

Board members Robert McCarty and William Brannin were indicted and face trial. SIGTARP's investigation also resulted in the indictment of Angelica Demetropolis, the former bank President of Premier Bank in October 2013 for allegedly filing or causing to be filed false and misleading financial information with the FDIC to make past due loans appear current. Demetropolis allegedly instructed the destruction of documents two weeks before the bank closed. The indictment alleges that in order to obtain \$6.784 million in TARP funds, Demetropolis and others caused the bank to submit documents that materially misrepresented the financial condition of the bank to Treasury to exchange TARP securities. Demetropolis fled the county and currently awaits extradition.

Conviction after jury trial of Premier Bank Chairman Zufikar Esmail for Defrauding TARP Recipient First Midwest Bank: On December 15, 2015, after a six-day trial, a jury found Zulifikar Esmail and Shamim Esmail guilty of defrauding another TARP bank, First Midwest Bank in an \$8 million loan. On March 30, 2016, the court entered a judgment notwithstanding the jury's guilty verdict for Shamim Esmail. Zulfikar Esmail was sentenced to two years of probation.

SIGTARP'S OVERSIGHT OVER TRADING IN MORTGAGE-BACKED SECURITIES

Treasury's original TARP proposal presented to Congress was that the Government purchase toxic assets (mortgage backed securities) held by banks. SIGTARP conducts oversight over mortgage backed securities related to TARP in two ways: (1) SIGTARP investigations over the Public Private Investment Program, a TARP program known as "PPIP", that purchased and sold mortgage backed securities using TARP funds through nine investment firms to unlock frozen credit markets; and (2) SIGTARP investigations of the largest TARP institutions in the business of packaging and selling residential mortgage backed securities (RMBS) where taxpayers suffered losses when those securities traded through PPIP.

SIGTARP Investigations into TARP Institutions for Misrepresentations to RMBS Investors

SIGTARP investigated the largest TARP-recipient institutions for misrepresentations in the packaging, securitization, marketing, sale, and issuance of RMBS. The RMBS at issue also traded through the PPIP program. As a result of these investigations, DOJ brought actions under the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"), which authorizes the Federal government to impose civil remedies against financial institutions that commit mail and wire fraud.² Taxpayers suffered losses when the securities traded through PPIP. Most recent cases include:



In April 2016, DOJ brought an enforcement action against Goldman Sachs ("Goldman") for fraudulent representations to investors that mortgage loans that went into RMBS met the loan originator's underwriting guidelines. However, Goldman admits that from its sampling, it knew that significant percentages of the loans reviewed in due diligence did not conform to those investor representations. Some of the securities traded at a loss through TARP's PPIP.

Goldman admitted to the misconduct, paid a \$2.385 billion civil penalty, \$1.75 billion to National Credit Union Administration, various states and Federal Home Loan Banks, and is paying \$1.8 billion in homeowner relief.

Morgan Stanley

In February 2016, DOJ brought an enforcement action against Morgan Stanley for misleading investors about the subprime mortgage loans underlying the RMBS it sold. Some of the securities traded at a loss through TARP's PPIP.

Morgan Stanley admitted to the misconduct, paid \$2.6 billion penalty, \$225 million for credit union purchasers of RMBS, \$1.25 billion for RMBS purchases by Fannie Mae and Freddie Mac, and \$86.95 million to the FDIC for purchases of RMBS by failed banks.⁴



Ally Financial (formerly GMAC): In November 2016, DOJ brought an enforcement action against Ally resulting from SIGTARP's investigation into Ally's packaging, securitizing, marketing, selling, and issuing subprime RMBS. Ally paid \$52 million and discontinued operations of its broker-dealer Ally Securities, LLC, which was the lead underwriter on the subprime RMBS that we investigated.⁵ Ally received \$17.2 billion in TARP funds. Treasury wrote-off a \$2.47 billion loss on the principal TARP investment. These investors included taxpayers when some of the securities traded at a loss through TARP's PPIP.

SIGTARP Investigation of Wall Street Traders Buying and Selling to PPIP Managers

SIGTARP investigates Wall Street traders that traded through PPIP or were TARP recipients. SIGTARP was the first to bring these type of securities cases.

Recent cases include:

- **Jefferies & Co. senior trader Jesse Litvak:** Following a SIGTARP investigation on April 26, 2017, Jefferies & Co. senior trader Jesse Litvak was sentenced to two years in prison and fined \$2 million for securities fraud of customers trading in RMBS, including through the PPIP program. Litvak engaged in fraudulent sales practices, lying to 35 customers in 76 trades about the prices of RMBS to enrich his firm's profits. Only Litvak knew the selling and asking price of the parties because of the opaque nature of the RMBS market.
- **Jefferies & Co.:** In March 2014, after SIGTARP agents arrested Jefferies senior trader Jesse Litvak, Jefferies agreed to pay the government \$25 million for fraudulent sales practices. Jefferies management became aware that employees

were making misrepresentations to customers and did nothing to stop it. Six of eight managers of federal taxpayer funds in PPIP were overcharged. Jefferies also agreed to an overhaul of compliance and ethics policies.



NOMURA

CANTOR
Fitzgerald

- **RBS Securities trader Matthew Katke:** Following a SIGTARP investigation, in March 2015, Matthew Katke, managing director at RBS Securities, Inc. (“RBS”) pled guilty to a multimillion dollar securities fraud scheme. Between 2008 and 2013, Katke admitted that he and others conspired to increase RBS’s profits on collateral loan obligations bond trades at the expense of customers. In certain transactions, Katke misrepresented the seller’s asking price to the buyer (or vice versa), keeping the difference. In other transactions, Katke misrepresented to the buyer that bonds held in RBS’s inventory were being sold by a fictitious third-party, which allowed Katke to charge an extra commission. The multi-million dollar securities fraud had at least 20 customers who were victims—including TARP recipients.
- **RBS Securities supervisor Adam Siegel:** Following a SIGTARP investigation, in December 2015, Adam Siegel, Matthew Katke’s boss and head mortgage backed securities trader, pled guilty to a multimillion dollar securities fraud scheme. Between 2008 and 2014, Siegel admitted that he and others conspired to increase RBS’s profits on trades at the expense of customers. In certain transactions, Siegel misrepresented the seller’s asking price to the buyer (or vice versa), keeping the difference. In other transactions, Siegel misrepresented to the buyer that bonds held in RBS’s inventory were being offered for sale by a fictitious third-party seller, which allowed RBS to charge the buyer an extra, unearned commission. The multi-million dollar securities fraud had at least 35 customers who were victims, including TARP recipients.
- **Nomura Securities traders Ross Shapiro, Michael Gramins, and Tyler Peters:** Following a SIGTARP investigation, in September 2015, three Nomura Securities International (“Nomura”) RMBS traders, Ross Shapiro, Michael Gramins, and Tyler Peters, who formerly worked at Lehman Brothers, were indicted for fraud. The traders allegedly conspired to overcharge their customers, which included an investment firm that was managing a PPIP fund. As alleged in the indictment, Shapiro, Gramins, and Peters fraudulently inflated the purchase price at which Nomura could buy a RMBS bond to induce their victim-customers to pay a higher price for the bond, and fraudulently deflated the price at which Nomura could sell a RMBS bond to induce their victim-customers to sell bonds at cheaper prices, each causing Nomura and the three defendants to profit illegally. The defendants are also alleged to have created fictitious third parties in an effort to increase their profits. In May, 2017, a federal jury found Michael Gramins guilty of conspiracy to commit security and wire fraud.

- **Cantor Fitzgerald Trader David Demos:** Following a SIGTARP investigation, on December 7, 2016, Cantor Fitzgerald Managing Director David Demos was charged in an alleged scheme to overcharge customers trading in RMBS, including through the PPIP program. Demos allegedly fraudulently inflated the purchase price at which Cantor Fitzgerald could buy a RMBS bond to induce their victim-customers to pay a higher price for the bond, and fraudulently deflated the price at which Cantor Fitzgerald could sell a RMBS bond to induce their victim-customers to sell bonds at cheaper prices, causing losses to victims.

SIGTARP'S OVERSIGHT OF THE MAKING HOME AFFORDABLE PROGRAM

SIGTARP conducts audits and investigations of the Making Home Affordable program ("MHA"), which pays mortgage servicers and investors about \$500 million each quarter to lower mortgage interest rates for homeowners in the Home Affordable Modification Program ("HAMP") and take other actions in other MHA programs including through the GSEs, the Department of Agriculture and the Department of Veterans Affairs.

There are more than one million homeowners in MHA, with HAMP homeowners located in every state. Under contracts between Treasury and 131 mortgage servicers, Treasury will pay up to \$9.8 billion. TARP payments are not automated because they are not earned but require continuous reporting to Treasury and compliance with Treasury rules.⁶

Significant oversight is required because of the risk of waste, fraud, abuse, and mismanagement due to the poor track record of these large banks and non-bank servicers. Some servicers have been the subject of law enforcement action, including investigations by SIGTARP. SIGTARP has also reported that some servicers have repeatedly broken Treasury's rules in HAMP.

SIGTARP Audit Oversight Over HAMP

SIGTARP's audit priorities in HAMP are to:

- Identify vulnerabilities to fraud by servicers
- Identify waste and abuse by servicers
- Identify inefficiencies and mismanagement that could lead to cost savings

In addition to identifying servicer mismanagement and abuse to homeowners applying to HAMP, SIGTARP has identified the following servicer mismanagement and abuse by servicers of homeowners already in HAMP:

- Wrongfully terminating people out of HAMP
- Lost paperwork
- Misapplying mortgage payments made in HAMP which causes delinquency that incur late fees
- Transferring the mortgage without transferring the HAMP paperwork. The new servicer does not know the person is in HAMP so only sees underpayment, or fails to honor the HAMP lowered interest rate
- Failing to notify homeowners, as Treasury requires, when their interest rate and monthly payment is going to rise after 5 years
- Failing to notify homeowners, as Treasury requires, that after 6 years in HAMP they can lower their mortgage payment by re-amortizing the mortgage
- Overcharging Treasury for extinguishing second liens when those liens were not extinguished

- Failing to reduce principal on mortgages despite being paid by Treasury to do so
- Charging Treasury for mortgages that are not eligible for HAMP

SIGTARP has made cost saving recommendations related to MHA. SIGTARP recommended that Treasury hold servicers in HAMP accountable by developing performance metrics and publicly reporting against them, which Treasury implemented in 2011. SIGTARP made a recommendation that Treasury permanently withhold TARP dollars related to the time period that servicers failed to perform at an acceptable level, which Treasury did not implement.

SIGTARP has made several recommendations to assess and stop servicer mismanagement and abuse that leads to wrongfully canceling people out of HAMP. Taxpayers paid \$2.9 billion for 604,193 homeowners cancelled out of HAMP.⁷ At least 162,871 of these homeowners were foreclosed or otherwise lost their home.⁸ Others were put into less advantageous private mortgage modifications. Treasury has partially implemented SIGTARP's recommendation to determine how servicer mismanagement leads to canceling people out of the program by finding that 6 of the largest 7 servicers in HAMP have wrongfully cancelled homeowners out of the program. However, Treasury's compliance group only looks at small sample of 100 homeowners disqualified from HAMP each quarter from each large servicer, and does not know the full extent of the problem. Treasury only requires the servicer to put any wronged-homeowner found in Treasury's sample back into HAMP but rarely takes action to learn who else was wrongly canceled out of HAMP.⁹

SIGTARP RECOMMENDATION

SIGTARP recommends that Treasury require servicers found to have wrongfully canceled homeowners out of HAMP to conduct an independent review and self-report to Treasury on other homeowners wrongfully canceled out of the program.

Servicer Track Records Evidence High Risk Areas



Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid Ocwen \$4.6 billion in TARP and will pay up to an additional \$2.5 billion. Ocwen is the largest recipient of federal TARP dollars, but also has one of the worst track records in foreclosure mitigation, including in HAMP. During the last two years, Treasury has found that Ocwen wrongfully denied homeowners help from HAMP and wrongfully canceled homeowners out of HAMP. Ocwen had an enforcement action in December 2013 for significant and systemic “deception and shortcuts in mortgage servicing”, which included improperly denying homeowner’s a mortgage modification and failing to properly apply a homeowner’s payment.^{10,11} Ocwen had another major enforcement action in April of 2017 for “Failing Borrowers Throughout the Mortgage Servicing Process” which included (among other issues): servicing loans using error riddled information; illegally foreclosing on homeowners; failing to credit borrower payments; mishandling escrow information and payments; and mishandling servicing transfers – all of which can have dire implications for homeowners in HAMP whose modifications are handled by Ocwen.¹¹

- Wrongfully canceling homeowners out of HAMP:** Treasury continued to find in recent years that Ocwen has wrongfully cancelled homeowners out of HAMP. More than 146,303 homeowners who were in HAMP with Ocwen have fallen out of the program. Treasury paid Ocwen in excess of \$957 million in TARP dollars for these cancelled homeowners. More than 33,038 of these homeowners went into foreclosure or otherwise lost their home.¹²

Ocwen’s wrongful cancellation of people out of HAMP is similar to the conduct in Ocwen’s enforcement action. Ocwen cancelled homeowners out of HAMP on the basis that they had missed three payments, when in reality homeowners made the payments. Ocwen held mortgage payments in suspense, improperly reversed and later reapplied mortgage payments, and did not timely post payments made to an Ocwen lockbox.

Treasury does not know how many homeowners Ocwen has wrongfully cancelled out of HAMP. Treasury's findings on a sample basis should be viewed in light of the December 2013 enforcement action that found, in part that Ocwen failed "to timely and accurately apply payments made by borrowers and failing to maintain accurate account statements."¹¹

SIGTARP Recommends: In order to determine the full extent of mismanagement, Treasury should require Ocwen to conduct an independent review (paid for by Ocwen) and report on all people wrongfully cancelled out of HAMP, while also requiring additional controls to ensure that Ocwen timely and accurately posts homeowner payments.

- ***Wrongfully denying homeowners admission in HAMP:*** Ocwen denied 68% of homeowners who applied for HAMP.⁶ In recent years, Treasury found that Ocwen denied homeowners for HAMP that could have been admitted and/or failed to offer homeowners a HAMP modification.¹¹ The enforcement action found that Ocwen "improperly denied mortgage modifications." This included: Failing to provide accurate information about mortgage modifications and other loss mitigation services; Failing to properly process borrowers' applications and calculate their eligibility for mortgage modifications; Providing false or misleading reasons for denying mortgage modifications; Failing to honor previously agreed upon trial modifications with prior servicers; and Deceptively seeking to collect payments under the mortgage's original unmodified terms after the consumer had already begun a mortgage modification with the prior servicer.
- ***Risk of Waste — Overcharging Treasury:*** Recently, Treasury found Ocwen misrepresentations to and overcharging of Treasury for payments to investors. During the most recent quarter, Treasury found several errors in Ocwen's reporting to Treasury. SIGTARP estimates that such issues could have resulted in as much as \$1.7 million in wasted TARP dollars last quarter (\$25 million over the life of the program), if the issues were not properly remediated. This figure does not cover potential overpayments Treasury does not test for.
- ***Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:*** Ocwen recently failed to provide timely and accurate notices to homeowners who had successfully made their mortgage payments in HAMP for six years that the homeowners could lower their mortgage payment by re-amortizing (recasting) their unpaid principal balance. As a result, homeowners who has successfully performed their obligation in HAMP paid a higher payment than was necessary. In the most recent quarter, 30% of the loans reviewed by Treasury at Ocwen had erroneous information that could affect the homeowner's decision to recast their loan.

With Treasury obligated to pay \$1.5 billion and committed to pay up to an additional \$1 billion to Ocwen, continued oversight remains critical.¹³




Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid Wells Fargo \$2.9 billion in TARP and will pay up to an additional \$1.5 billion. Wells Fargo is the second largest TARP recipient currently. Wells Fargo has broken HAMP's rules by canceling people out of HAMP who made their payments on time, and by failing to notify homeowners in HAMP, as Treasury requires, on a timely basis that their mortgage payment was going to increase.¹⁰

- **Wrongfully canceling homeowners out of HAMP:** Recently, Treasury found that Wells Fargo wrongfully canceled people out of HAMP by not timely and accurately applying homeowner's payments. Treasury does not know how many total homeowners Wells Fargo wrongfully canceled out of the program. More than 80,780 homeowners in HAMP with Wells Fargo have canceled out of HAMP costing taxpayers \$322 million. Almost 23,000 of those homeowners went into foreclosure or otherwise lost their home.¹²

SIGTARP Recommends: In order to determine the full extent of mismanagement, Treasury should require Wells Fargo to conduct an independent review (paid for by Wells Fargo) and report on other people wrongfully canceled out of HAMP, to ensure that Wells Fargo timely and accurately posts homeowner payments.

- **Failure to consider homeowners for other programs:** Treasury found that Wells Fargo failed to follow HAMP rules to help homeowners falling out of HAMP avoid foreclosure by considering them for other MHA programs.
- **Failing to notify homeowners timely that their mortgage was increasing:** Wells Fargo failed to notify homeowners of upcoming increases to their mortgage payments in accordance with HAMP rules. Treasury requires that the servicer give a 120 day notice and a 60 day notice before the payment increase giving homeowners an opportunity to find means to pay their mortgage.¹⁴

- **Failure to notify homeowners in their sixth year of HAMP that they can lower their mortgage payment:** Wells Fargo failed to notify on a timely basis homeowners that had successfully made their HAMP mortgage payment for six years that the homeowner could lower their mortgage payment by re-amortizing (recasting) their unpaid principal balance. As a result, homeowner's who had successfully performed their obligations in HAMP may have paid a higher payment than was necessary. Given that Treasury does not know how many other homeowners did not receive timely notice given Treasury's small sample size of 25, Treasury could start with requiring Wells Fargo to self-report these violations.

With Treasury obligated to pay \$796 million and committed to pay up to an additional \$692 million to Wells Fargo, continued oversight remains critical.¹³



Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid JP Morgan \$2.9 billion in TARP and will pay up to an additional \$1.1 billion. JPMorgan denied nearly 1 million people for HAMP—84% of all who applied. According to Treasury, JPMorgan went from a history of one of the worst offenders of breaking Federal rules governing HAMP, to recently improving. If this is the case, it shows that it is possible for a large bank or non-bank servicer to follow Federal rules governing HAMP. For example, Treasury did not find that JPMorgan miscalculated homeowner income over the past year, showing that it is possible for a large bank to put controls in place to calculate income correctly.¹⁰

Treasury has recently found on several occasions that JPMorgan failed to notify homeowners that successfully made their mortgage payments in HAMP for six years that they were eligible to re-amortize their mortgage and lower their payment, or made errors in notices sent. As a result, homeowners who successfully performed obligations in HAMP may have paid a higher payment than was necessary.

Bank of America



Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid Bank of America \$2.1 billion in TARP and will pay up to an additional \$784 million. Treasury found that Bank of America needed substantial improvement in complying with HAMP's rules, repeatedly, in recent years. Bank of America has one of the worst track records in HAMP. SIGTARP's investigation of Bank of America defrauding HAMP led to a 2012 Department of Justice enforcement action against Bank of America.^{10,15}

- **Risk of Waste — Overcharging Treasury:** In 2016, Treasury found that Bank of America overcharged Treasury by hundreds of thousands of dollars. Bank of America reported incorrect information about the delinquency status of several second liens that were extinguished, resulting in more than \$400,000 in wasted tax dollars, including almost \$150,000 on a single loan. Treasury requested that Bank of America perform a lookback analysis to determine whether there were other instances of misreporting.
- **Risk of waste—Failing to reduce principal despite being paid by Treasury to do so:** In the HAMP principal reduction program, Treasury pays servicers typically several thousand tax dollars per mortgage to reduce the outstanding balance of underwater mortgages. Bank of America failed to reduce the principal despite being paid by Treasury about \$4,500 on average to do so. Bank of America did not reduce these homeowners' underwater balances until Treasury later inquired about the status of these homeowners.
- **Wrongfully denying homeowners admission into HAMP:** Bank of America denied 80% of all who applied for HAMP.⁶ Bank of America has repeatedly wrongfully denied homeowners for HAMP.
- **Miscalculation of income:** Bank of America repeatedly miscalculated homeowner income. Miscalculation can lead to Bank of America denying a qualified homeowner for HAMP or setting a higher mortgage payment for people than is sustainable.
- **Mishandling of HAMP's 6th year payment reduction:** Treasury has found on a sample basis that Bank of America has mishandled homeowners sixth year payments and recast. The result of this mismanagement is cheating

homeowners out of thousands of dollars. Treasury does not know the full extent of this problem as it looked on a sample basis.

SIGTARP Recommendation: Treasury should require Bank of America to conduct an in-depth investigation and self-report on all mishandling of homeowners payments in the sixth year of HAMP and any recast at that time.



53%
Homeowners
denied for HAMP

226,424
People in HAMP
now or before

66,906
Homeowners fell
out of HAMP (30%)
costing taxpayers
\$213 million

Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid Nationstar \$1.2 billion in TARP and will pay up to an additional \$993 million. Nationstar has one of the worst track record in HAMP. Nationstar's violations of Treasury rules have been widespread spanning multiple quarters. Nationstar has shown little improvement and, even appears to be getting worse. Treasury recently found that Nationstar needed substantial improvement in complying with HAMP's rules.¹⁰

- **Wrongful denying or failing to offer homeowners HAMP admission:** Nationstar has repeatedly wrongfully denied or failed to offer homeowners admission into HAMP.
- **Wrongful cancellation of homeowners out of HAMP:** Nationstar has wrongfully canceled homeowners out of HAMP. More than 66,906 homeowners who were in HAMP with Nationstar have fallen out of HAMP. Nationstar was paid \$213 million in TARP dollars for these canceled homeowners. More than 26,671 of these homeowners went into foreclosure or otherwise lost their home.¹² Treasury does not know how many homeowners Nationstar has wrongfully terminated out of HAMP given their small sample size.

SIGTARP Recommendation: In order to determine the full extent of mismanagement, Treasury should require Nationstar to conduct an independent review (paid for by Nationstar) and report on all people wrongfully canceled

out of HAMP, while also requiring additional controls to ensure that Nationstar timely and accurately posts homeowner payments.

- **Misreporting of homeowner payments:** Nationstar has repeatedly misreported homeowner payment information to Treasury that resulted in homeowner harm of lost TARP payments or wasted tax dollars. In some cases, Nationstar reported homeowners as delinquent when they had not missed payments, resulting in homeowners being shortchanged or Treasury being overcharged.
- **Risk of Waste — Overcharging Treasury:** Treasury has found repeatedly, even recently, that it overpaid Nationstar due to Nationstar's faulty reporting. Nationstar modified ineligible mortgages, overcharging Treasury. Nationstar also misreported to Treasury leading to the overpayment of homeowner relocation incentives to homeowners who did not even live in the properties.
- **Failure to notify homeowners on timely basis about increase in mortgage payment:** Nationstar has repeatedly failed to timely notify homeowners in HAMP, as Treasury requires, that their interest rate was rising and therefore their mortgage payment was also rising. Last quarter 18% of Nationstar's notices that Treasury reviewed were either not sent timely or had in erroneous information.
- **Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:** Nationstar has not followed Treasury rules to provide timely notification to homeowners of their ability to re-amortize their mortgage, and lower their payment.
- **Miscalculation of income:** Nationstar has repeatedly miscalculated homeowner income. Miscalculation can lead to Nationstar denying a qualified homeowner for HAMP or setting a higher mortgage payment than is sustainable.

SPS | SELECT Portfolio SERVICING, inc.

42%
Homeowners
denied for HAMP

173,841
People in HAMP
now or before

66,192
Homeowners fell
out of HAMP (38%)
costing taxpayers
\$476 million

Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid SPS \$1.2 billion in TARP and will pay up to an additional \$956 million. Select Portfolio is the only servicer out of the largest 7 servicers in HAMP that Treasury has not found to have wrongfully terminated homeowners out of HAMP. It also is the only one of the 7 servicers who denied admission to less than half of all homeowners that applied to HAMP.⁶ Previously, Treasury has found that some instances where SPS misreported information that impacts the TARP funds that investors receive for current homeowners. Fixing that could represent a cost savings. However, that would require Treasury to determine the full extent of misreporting and TARP dollars.¹⁰

citi mortgage®

89%
Homeowners
denied for HAMP

37,069
People in HAMP
now or before

13,665
Homeowners fell
out of HAMP (37%)
costing taxpayers
\$49 million

Source: SIGTARP analysis of Treasury HAMP data.

Treasury has paid CitiMortgage \$702 million in TARP and will pay up to an additional \$243 million. CitiMortgage has had a track record of not following the Federal rules governing HAMP.¹⁰

- **Risk of Waste — Late reporting homeowners who fell out of HAMP/ overcharging TARP:** CitiMortgage has wrongfully terminated homeowners out of HAMP. However, Treasury is not aware of the full extent of the problem,

given its small sample size. Treasury found that in some instances CitiMortgage delayed reporting the termination to Treasury, delaying sometimes more than 100 days, in one case delaying reporting to Treasury for more than 2 years and in another case more than 5 years. During this time, CitiMortgage would have received “pay for success” TARP payments, including \$1,000 each year to put towards principal, servicer payments (if the HAMP modification was in its first three years), and investor payments. These payments represent waste. Treasury also found other instances where CitiMortgage received TARP funds based on inaccurate reporting. Treasury is requiring CitiMortgage to identify the total population of mortgages that were part of misreporting related to termination of HAMP modifications.

- **Misapplication of investor payments:** CitiMortgage repeatedly misapplied payments causing homeowners to be reported as delinquent when they were not.
- **Denied 89% of homeowners seeking help in HAMP:** CitiMortgage has the highest rate of denying homeowners for admission to HAMP – 89%, which are 341,321 homeowners, of which 21,170 lost their home to foreclosure or distressed sale.¹²
- **Mishandling of HAMP's 6th year payment reduction:** Treasury has found on a sample basis that CitiMortgage has mishandled homeowners sixth year payments and recast. The result of this mismanagement is cheating homeowners out of thousands of dollars. Treasury does not know the full extent of this problem as it looked on a sample basis.

SIGTARP Recommendation: Treasury should require CitiMortgage to conduct an in-depth investigation and self-report on all mishandling of homeowners payments in the sixth year of HAMP and any recast at that time.

SIGTARP Investigations Related to HAMP

SIGTARP's investigations related to HAMP have: (1) shut down scams, bringing justice to 111 convicted scammers stealing homeowners' money on a false promise that they can get a homeowner into HAMP, and then do little or nothing; and (2) led to DOJ actions against HAMP servicers related to misconduct and false representations to Treasury and/or homeowners. With the application period expired, SIGTARP will focus on investigations of mortgage servicers being paid with TARP dollars.

Investigations of HAMP Mortgage Servicers

SIGTARP's investigations resulted into three DOJ actions against mortgage servicers, SunTrust Bank, JP Morgan and Bank of America.



Criminal conduct by SunTrust Bank: SIGTARP's investigation of HAMP mortgage servicer SunTrust Mortgage, Inc., a subsidiary of TARP recipient SunTrust Bank, uncovered criminal conduct by SunTrust including that SunTrust made misrepresentations to homeowners seeking help from HAMP. SunTrust failed to process HAMP applications timely, instead piling so many unopened FedEx packages of HAMP applications and homeowner documents in a room that the floor eventually buckled. SunTrust mass denied homeowners for HAMP, and then lied to Treasury about the reason why those homeowners were denied. The U.S. Attorney for the Western District of Virginia entered into a non-prosecution agreement of charges of mail fraud, wire fraud, and false statements to Treasury, with SunTrust Bank who paid \$225 million in restitution to victims and made significant corporate changes to prevent fraud.¹⁶

Investigation into JP Morgan Chase's Misconduct in HAMP: DOJ brought an enforcement action against JP Morgan Chase for its failure to engage in adequate loss mitigation efforts (HAMP) for past due homeowners. Of this \$6,187,500 was attributed to SIGTARP's investigation.

Investigation into Bank of America's Misconduct in HAMP: DOJ brought an enforcement action against Bank of America for defrauding HAMP. Of this amount, \$6.5 million was attributed to SIGTARP's investigation.

SIGTARP will continue to investigate mortgage servicers participating in HAMP.

SIGTARP'S OVERSIGHT OVER THE HARDEST HIT FUND

The Hardest Hit Fund (“HHF”) was scheduled to close in December 2017. Then Congress appropriated an additional \$2 billion in the 2016 budget. Treasury then extended the program 4 years until December 2021. SIGTARP conducts oversight through audits and investigations of the HHF, a \$9.6 billion program that is now in a ramp-up stage.¹⁷

SIGTARP Investigations Related to HHF

SIGTARP is actively conducting criminal investigations related to the Hardest Hit Fund. In fiscal year 2017, two homeowners who received HHF dollars were indicted for false statements. One allegedly falsified his HHF application saying he was single when his wife worked at the state agency in charge of HHF. Another allegedly under reported cash savings to qualify for HHF.

SIGTARP Prioritizes Investigations in the More Than \$800 Million TARP-Funded Demolition Program.¹⁸

Right now, we are applying our intelligence driven law enforcement approach to find crime proactively in the more than \$800 million blight demolition program.

SIGTARP Audit Oversight of HHF

The majority of SIGTARP's audit work is in response to concerns raised by members of Congress after SIGTARP identified waste, abuse or risks of fraud. SIGTARP works to identify cost saving recommendations. SIGTARP also identified previously spent federal funds that were wasted or abused, so that Treasury can seek repayment of those dollars. SIGTARP forensic auditors also refer potential fraud to SIGTARP agents. SIGTARP's audit priorities in the Hardest Hit Fund are to:

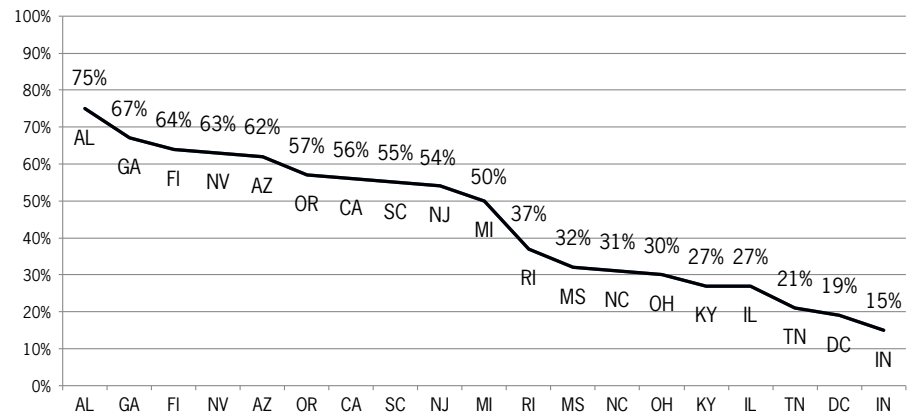
- Identify vulnerabilities to fraud in the HHF demolition programs
- Identify possible fraud by contractors, city or state agencies, or other local partners
- Identify waste by demolition contractors, city or state agencies, or other local partners
- Identify wasteful spending by state agencies paid with HHF dollars or their contractors
- Identify abuse by city or state agencies, or other local partners
- Identify mismanagement or inefficiency by state agencies paid with TARP dollars
- Identify potential cost savings and make recommendations

State Agencies Inefficiency and/or Mismanagement in Providing HHF Assistance to American Homeowners

Fewer than half (292,604) of all 685,934 homeowners who sought HHF assistance were admitted to the program.¹⁹ Figure 4.1 shows low performing state agencies in admitting homeowners.

FIGURE 4.1

NUMBER OF APPLICANTS NOT PROVIDED HARDEST HIT FUNDS AS OF 6/30/2017



Sources: Treasury, response to SIGTARP data call 10/5/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 10/5/2017.

Note: Figures do not include applicants who sought down payment assistance from states with such programs.

State Agencies Inefficiency and/or Mismanagement – Denying High Numbers of Homeowners for HHF

Throughout the nation, state agencies denied 179,740 people – 26% of all who applied.¹⁹ Some state agencies denied higher rates of people, as listed in Table 4.2.

TABLE 4.2

INEFFICIENT STATE AGENCIES – HIGH PERCENTAGE OF DENIED HOMEOWNERS AS OF 6/30/2017			
State Agency	Homeowners That Applied	Homeowners Denied Assistance	Homeowner Denial Rate
Arizona	20,277	13,675	67.4%
New Jersey	17,745	9,528	53.7%
Georgia	31,361	12,565	40.1%
South Carolina	27,847	9,256	33.2%
Michigan	70,765	21,648	30.6%
Rhode Island	5,681	1,631	28.7%
California	166,969	46,788	28.0%

Sources: Treasury, response to SIGTARP data call 10/5/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 10/5/2017.

Some state agencies continue to turn down more American homeowners than in the past, including HHF Arizona at 67.4%, far higher than 56% in 2014, and HHF New Jersey at 53.7%, higher than 47% in 2013.²⁰

State Agencies Seeing High Numbers of Withdrawn Applications

There were 190,459 people saw their application withdrawn – 28% of all who applied to HHF¹⁹, as shown in Table 4.3. This could signal inefficiency or mismanagement, lengthy wait times, or program criteria that do not match the reality of homeowners in that state.

TABLE 4.3

INEFFICIENT STATE AGENCIES – HIGH PERCENTAGE OF WITHDRAWN APPLICATIONS, AS OF 6/30/2017

State Agency	Homeowners That Applied	Homeowner Applications Withdrawn	Homeowner Withdrawal Rate
Alabama	24,712	16,190	65.5%
Oregon	30,276	14,461	47.8%
Florida	133,696	58,735	43.6%
Nevada	15,985	6,396	40.0%
California	166,969	46,885	28.1%

Sources: Treasury, response to SIGTARP data call 10/5/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 10/5/2017.

The number of homeowners with withdrawn applications increased slightly in Nevada and Florida.

After SIGTARP's reports: In March 2016, 11 Congressmen led by Representative John Lewis, sent a letter to President Obama stating that resources are unused and SIGTARP's negative audits and recommendations for HHF improvements have been disregarded.

Preventing Fraud, Waste, and Abuse in HHF Homebuyer Assistance Programs

\$64.4 Million

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

HHF also provides \$643.8 million in down payment assistance, ranging from \$7,500 to \$20,000 to homebuyers, and in 2015, SIGTARP made recommendations to Treasury to prevent fraud, waste, and abuse in homebuyer programs. Among these were recommendations to prevent fraud, such as requiring detailed reporting on who was receiving these dollars, whether they were buying the house in a non-arms-length transaction, whether there was commingling with state down payment assistance dollars, and the buyer certifying that they met the eligibility requirements. We also recommended that the state agency conduct background checks to determine if an applicant was convicted of a crime of dishonesty. These unimplemented recommendations can save the Government \$64.4 million based on the average 10% fraud found in Government programs.

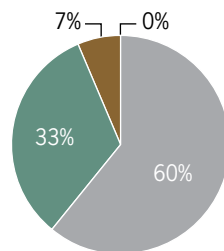
HHF in Alabama

SIGTARP has identified significant inefficiencies at the Alabama state agency, despite being paid \$11.9 million in TARP. For example:²¹

- In 6 years, HHF has helped only 5,859 Alabama homeowners and 60% of TARP dollars have not been spent.
- Alabama has spent \$11.9 million on administrative expenses which accounts for 18% of all the state's HHF spending, higher than the national average of 11%.
- Only 1,094 new Alabama homeowners were admitted last year.
- Alabama's HHF program has an application withdrawal rate of 66%, among the highest of all 19 HHF states.
- Only 24% of all people who applied received help—among the lowest of any state agency in HHF.
- No one was admitted to an HHF program to help unemployed homeowners with a short sale, despite 234 people applying and only admitted 4% (166 of 4,323) of homeowners applying to an HHF program to modify mortgages.
- After more than two years, only 3 houses have been demolished.
- The Alabama state agency spent \$705 in HHF funds on unnecessary expenses, including: \$341 spent on meals and other food for Treasury employees, including a barbeque, \$198 in other food, including meals with Bank of America staff, \$166 on Visa gift cards and fruit baskets

FIGURE 4.2

HARDEST HIT FUND – USE OF FUNDS IN ALABAMA, AS OF 6/30/2017

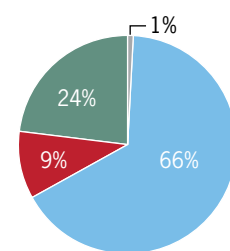


■ State Agency Administrative Expenses (\$11,915,599)
■ Demolition (\$38,714)
■ Unemployment Bridge and Related Assistance (\$53,768,500)
■ Unspent (\$97,885,495) Demolition (\$34,961,286) Unemployment and Related (\$47,610,362) Admin Expenses (\$15,313,847)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.3

STATUS OF ALABAMA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



■ Homeowners Helped (5,859)
■ Homeowners Denied (2,332)
■ Homeowners with Withdrawn Applications (16,190)
■ Homeowners In Process (331)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

After more than two years, the Alabama state agency has only demolished 3 houses using \$38,714, out of \$35 million.

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ALABAMA AS OF 6/30/2017

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Alabama (Statewide)	Alabama Association of Habitat for Humanity			
Autauga County	Habitat for Humanity of Autauga and Chilton County			
Birmingham	Birmingham Land Bank			
	Greater Birmingham Habitat for Humanity	\$38,714		3
Chilton County	Habitat for Humanity of Autauga and Chilton County			
Hale County	Habitat for Humanity of Hale County			
Jefferson County	Greater Birmingham Habitat for Humanity			
Grand Total		\$38,714	0	3

^a Alabama Housing Finance Authority.

^b Alabama HFA response to SIGTARP data call. Due to reporting date differences, figures may vary from Treasury's published reports.

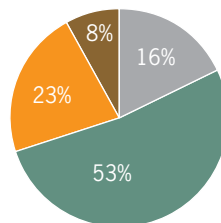
HHF in Arizona

SIGTARP has identified significant inefficiencies at the Arizona state agency, despite being paid \$25.1 million in TARP. For example:²¹

- In 6 years, HHF has helped only 4,886 Arizona homeowners, 16% of TARP dollars have not been spent.
- The Arizona state agency has not helped 15,291 or 75% of all homeowners who applied for help. In contrast, every home buyer who applied for assistance from the Arizona state agency to purchase a home received assistance (4,338 homebuyers).
- Only 24% of all people who applied received help—among the lowest of any HHF state.
- Homeowners estimated being helped with HHF was cut by nearly half.
- During the past year, HHF Arizona approved 348 homeowners for unemployment assistance, while 169,670 remain unemployed in the state.
- During the past year, Arizona's HHF approved 413 homeowners for assistance. During same time, 7,629 Arizona homeowners lost their homes to foreclosure.
- The Arizona state agency spent \$2,244 in HHF funds on an employee bonus.

FIGURE 4.4

HARDEST HIT FUND – USE OF FUNDS IN ARIZONA, AS OF 6/30/2017

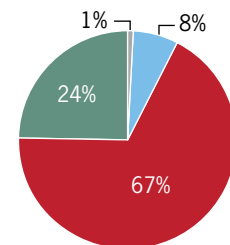


■ State Agency Administrative Expenses (\$25,083,377)
■ Homebuyer Assistance (\$69,111,657)
■ Unemployment Bridge and Related Assistance (\$157,476,833)
■ Unspent (\$47,617,331)
Homebuyer Assistance (\$2,256,071)
Unemployment and Related (\$30,664,892)
Admin Expenses (\$14,696,368)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.5

STATUS OF ARIZONA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



■ Homeowners Helped (4,886)
■ Homeowners Denied (13,675)
■ Homeowners with Withdrawn Applications (1,616)
■ Homeowners In Process (100)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

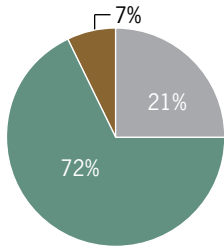
HHF in California

SIGTARP has identified inefficiencies at the California state agency, despite being paid \$175.7 million by Treasury to distribute \$2.358 billion in TARP funds. For example:²¹

- 46,885 of the 166,969 homeowners who applied for HHF either withdrew or were withdrawn by the state agency – one of the highest rates for HHF states.
- Over the past year, 5,053 of the 18,959 homeowners who applied for HHF in California withdrew their applications or had them withdrawn.
- Only 69,876 of the 166,969 (42%) homeowners who applied for HHF received assistance.
- Over the past year only 6,069 California homeowners received HHF unemployed homeowner assistance, while over a million people are currently unemployed in the state.
- The California state agency spent \$7,017 in HHF funds on unnecessary expenses, including: \$4,644 spent on contractor parking, \$2,373 to a contractor's laid-off employee to avoid the cost of litigation.

FIGURE 4.6

HARDEST HIT FUND – USE OF FUNDS IN CALIFORNIA, AS OF 6/30/2017

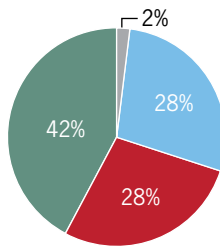


- State Agency Administrative Expenses (\$175,708,767)
- Unemployment Bridge and Related Assistance (\$1,749,108,549)
- Unspent (\$499,404,140)
Unemployment and Related Admin Expenses (\$66,109,842)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.7

STATUS OF CALIFORNIA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (69,876)
- Homeowners Denied (46,788)
- Homeowners with Withdrawn Applications (46,885)
- Homeowners In Process (3,420)

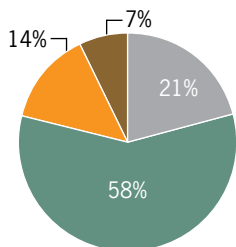
Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

HHF in Florida

SIGTARP has found significant inefficiencies in the Florida state agency, despite being paid \$75.8 million by Treasury to distribute TARP funds. In October, 2015, SIGTARP issued an audit report making findings about severe underperformance in HHF by at the state agency. Some of the problems with HHF in Florida include:²¹

- Only 22% of homeowners seeking help from the Florida state agency actually received that help (29,319 of 133,696), while 98% (11,202 of 11,482) of homebuyers received help.
- The Florida state agency had the third highest rate of homeowners with withdrawn applications (44%) of all the HHF states.
- Over the last year 58% of homeowners withdrew their HHF application or had their application withdrawn, among the highest in the country during that period.
- As of June 30, 2017, Florida's HHF program had an 14 month backlog of homeowner applications, based on processing of 2,683 applications last quarter, while 12,467 homeowners were still waiting for a decision when the quarter ended.
- Only 1,630 homeowners received help from Florida's HHF unemployment bridge program last year, while Florida currently has 430,233 unemployed people.
- Over the last year, only 487 homeowners received mortgage modification assistance from HHF Florida, while there were 398,823 homeowners in the state who owed more on their mortgages than their homes were worth.
- The Florida state agency spent \$107,864 in HHF funds on unnecessary expenses, including: \$106,774 spent on bonuses approved by the now terminated executive director, \$636 on gift certificates to employees, \$454 for a TARP barbeque, an all employee lunch and a lunch with Bank of America.

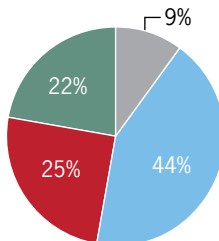
FIGURE 4.8
HARDEST HIT FUND – USE
OF FUNDS IN FLORIDA,
AS OF 6/30/2017



- State Agency Administrative Expenses (\$75,774,271)
- Homebuyer Assistance (\$167,402,448)
- Unemployment Bridge and Related Assistance (\$667,595,126)
- Unspent (\$238,693,370)
 Homebuyer Assistance (\$117,408,136)
 Unemployment and Related (\$72,168,102)
 Admin Expenses (\$49,117,133)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.9
STATUS OF FLORIDA
HOMEOWNERS THAT APPLIED
TO HHF, AS OF 6/30/2017



- Homeowners Helped (29,319)
- Homeowners Denied (33,177)
- Homeowners with Withdrawn Applications (58,735)
- Homeowners In Process (12,467)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

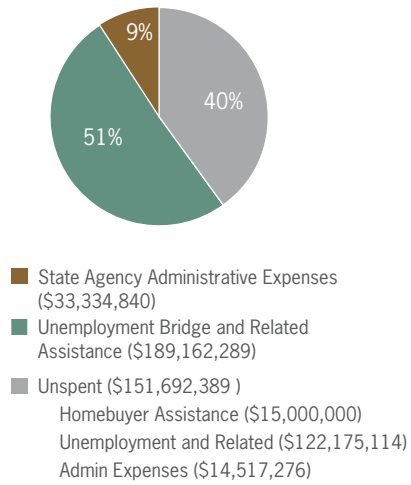
HHF in Georgia

SIGTARP has identified significant inefficiencies at the Georgia state agency, despite being paid \$33.3 million by Treasury to distribute TARP funds.

For example:²¹

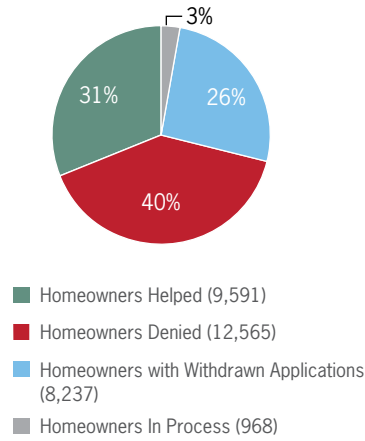
- More than two-thirds (69%) (21,770) of homeowners who applied did not receive HHF help.
- In 6 years, only 31% (9,591 of 31,361) homeowners received help from HHF - among the lowest rate of any HHF state.
- 40% of homeowners who sought HHF help were denied by the state agency - among the highest in of all the HHF states.
- Over the last year only 821 homeowners were approved for the unemployment bridge and related programs, 242,570 remain unemployed in Georgia.
- 41% of the TARP funds allocated to Georgia have not been spent, while 15% of its spending was on administrative expenses, higher than the national average of just 11%.
- Over the past year, the number of people denied for HHF (46%) has been among the highest in the country during that period.
- The Georgia state agency spent \$6,813 in HHF funds on unnecessary expenses spent on a contractor to deliver breakroom beverages, including water coffee, tea and hot cocoa.
- In its October, 2017, audit, SIGTARP found that HHF does not meet the urgent, local needs of Georgian homeowners and that the problem is neither lack of need nor lack of interest, but statewide mismanagement by Georgia's Department of Community Affairs, the state's housing finance agency and Treasury's contractor.

FIGURE 4.10
HARDEST HIT FUND – USE
OF FUNDS IN GEORGIA,
AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.11
STATUS OF GEORGIA
HOMEOWNERS THAT APPLIED
TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

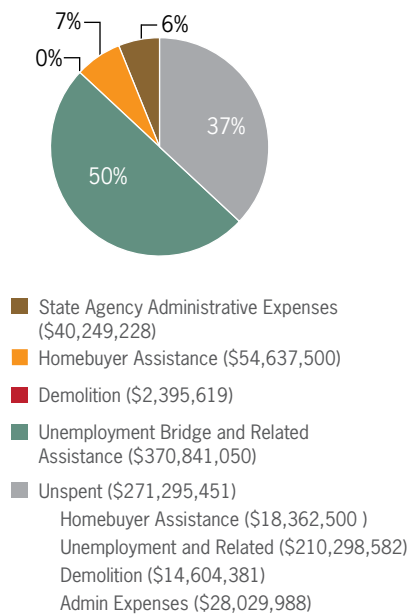
HHF in Illinois

SIGTARP has identified inefficiencies at the Illinois state agency, despite being paid \$40.3 million by Treasury. For example:²¹

- In 6 years, HHF has helped only 16,191 Illinois homeowners.
- During the past year HHF Illinois approved 2,219 homeowners for HHF assistance, while 16,201 Illinois homeowners lost their home to foreclosure and 56,169 homeowners were behind on their mortgage as of 6/30/2017.
- Over the last year, the Illinois state agency only approved 2,035 homeowners for HHF assistance, while 335,592 people are currently unemployed in Illinois.
- Only 94 properties were demolished after more than 2 years, only 7 of those demolitions occurred in the last quarter.
- The Illinois state agency spent \$114,408 in HHF funds on unnecessary expenses, including: \$14 spent on Treasury employee breakfast, \$98,305 spent on employee cash awards, \$16,089 supplies, parties, celebrations, food and beverages, (including for a contractor to deliver coffee and water), lunch at a pizza restaurant to “to celebrate getting new HHF funds and an employee’s upcoming wedding,” and an employee retirement party

FIGURE 4.12

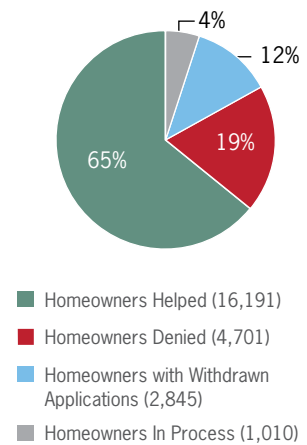
HARDEST HIT FUND – USE OF FUNDS IN ILLINOIS, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.13

STATUS OF ILLINOIS HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

After more than two years, the \$17 million TARP-funded demolition program in Illinois has just barely gotten off the ground. The Illinois state agency has only demolished 94 abandoned houses using less than \$3 million.

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ILLINOIS AS OF 6/30/2017

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Aurora	Fox Valley Habitat for Humanity			
	Joseph Corporation			
	Northern Lights Development Corporation			
Centralia	BCMW Community Services, Inc.			
Chicago	Greater Englewood CDC			
	Sunshine Gospel Ministries	\$120,275		2
Chicago Heights	Cook County Land Bank Authority			
Danville	Habitat for Humanity Danville			
Evanston	Community Partners for Affordable Housing			
Freeport	Northwestern IL CAA			
	NW HomeStart, INC.	\$278,853		11
Joliet	South Suburban Land Bank and Development Authority	\$231,313	1	9
Macomb	Western IL Regional Council CAA			
Moline	Moline CDC, NFP	\$117,550		4
Ottawa	Starved Rock Homes Development Corp.	\$131,548		4
Park Forest	South Suburban Land Bank and Development Authority	\$65,022		2
Peoria	"Peoria Citizens Committee for Econ. Opp."			
Riverdale	Cook County Land Bank Authority	\$144,700		8
	The Fuller Center for Housing - Hero Project			
Rock Island	Rock Island Economic Growth Corp.	\$286,560		9
Rockford	Comprehensive Community Solutions	\$496,796		20
	Rockford Corridor Improvement, Inc.	\$46,015		3
	Enos Park Development, LLC.			
Springfield	Nehemiah Expansion			
	The Springfield Project	\$140,946		4
Sterling	Rock Island Economic Growth Corp.	\$171,010		7
Urbana	Habitat for Humanity Champaign Co., INC.	\$356,604	6	11
Grand Total		\$2,587,192	7	94

^a Illinois Housing Development Authority.

^b Illinois HFA response to SIGTARP data call. Due to reporting date differences, figures may vary from Treasury's published reports.

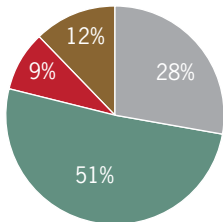
HHF in Indiana

SIGTARP has identified inefficiencies at the Indiana state agency, despite being paid \$33.1 million in TARP. For example:²¹

- After 6 years, HHF has helped only 9,439 Indiana homeowners and 28% of TARP dollars have not been spent.
- Indiana has spent \$33.1 million on administrative expenses which accounts for 16% of all the state's HHF spending, higher than the national average of 11%.
- HHF Indiana approved 57 homeowners for mortgage modification assistance over the past year, while there are still 23,414 homeowners who owe more than their homes were worth.
- The Indiana state agency lowered the number of homeowners it estimated helping with HHF from 16,257 homeowners to 11,335 homeowners, as it shifted more TARP funds to demolition.
- The Indiana state agency spent \$46,658 in HHF funds on unnecessary expenses, including: \$45,100 spent on employee bonuses, \$1,558 on water for employees.
- In December, 2015, SIGTARP uncovered that in Evansville, Indiana, people in 18 houses were evicted or asked to move to have the house qualify for TARP funding so that a car dealership could move to the site. HHF Indiana was aware that people lived in the homes. SIGTARP recommended that Treasury direct state agencies to limit HHF to demolish abandoned properties only in line with their contracts and to claw-back the \$246,490 spent to demolish the occupied residences. On January 15, 2016, Treasury issued state agencies a directive that the house must have been abandoned prior to initiating a demolition but Treasury has not sought to claw-back the \$246,490.

FIGURE 4.14

HARDEST HIT FUND – USE OF FUNDS IN INDIANA, AS OF 6/30/2017

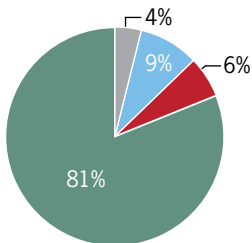


- State Agency Administrative Expenses (\$33,140,079)
- Demolition (\$26,587,629)
- Unemployment Bridge and Related Assistance (\$144,984,159)
- Unspent (\$81,612,494)
 Demolition (\$48,412,371)
 Unemployment and Related (\$28,038,754)
 Admin Expenses (\$5,161,370)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.15

STATUS OF INDIANA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (9,439)
- Homeowners Denied (685)
- Homeowners with Withdrawn Applications (1,083)
- Homeowners In Process (426)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

The \$75 million TARP-funded demolition program in Indiana has demolished 1,830 properties, spending almost \$27 million.

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017

Locality	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Alexandria	Alexandria Redevelopment Commission	\$296,133		19
	Madison County Council of Governments			
City of Anderson	Anderson Redevelopment Commission	\$549,457		35
	Bethesda Missionary Baptist Church	\$21,734		2
	Habitat for Humanity of Madison County			
	Operation MOVE-In, LLC			
	South Meridian Church of God			
City of Auburn	City of Auburn Redevelopment Commission			
	Habitat for Humanity of Northeast Indiana	\$30,106		1
City of Austin	Austin Redevelopment Commission (ARC)	\$258,567	6	20
	Southern Indiana Housing & Community Development Corp.			
City of Bicknell	Bicknell Bulldog Development Corporation	\$275,990	3	17
City of Brazil	Clay County Economic Redevelopment Commission	\$165,634		9
City of Columbus	Administrative Resources Association (ARA)	\$51,428		3
	Southern Indiana Housing & Community Development Corporation			
	Thrive Alliance, Inc.			
City of Connersville	Connersville Urban Enterprise Association	\$106,619		5
	Whole Family Community Initiative, Inc./House of Ruth of Connersville	\$70,962		3
City of Delphi	Habitat for Humanity of Lafayette, Inc.			
City of Dunkirk	Dunkirk Industrial Development Corporation	\$97,459		9
City of East Chicago	East Chicago Department of Redevelopment	\$667,526		50
City of Elwood	Elwood Redevelopment Commission	\$345,481	5	25
	Amanda Hanna	\$9,094	1	1
City of Evansville	Comfort Homes			
	Community One, Inc.	\$29,770		2
	David Clark	\$45,076		4
	ECHO Housing Corporation	\$219,049		13
	Evansville Brownfields Corp.	\$940,799	23	51
	Evansville Housing Authority			
	Full Gospel Mission	\$20,572		2
	Gethsemane Church	\$28,941		2
	Gloria Peek	\$7,626		1
	Habitat for Humanity of Evansville, Inc.	\$196,278		14
	Hope of Evansville			
	James Bradley	\$9,606		1
	JBELL Properties, LLC	\$10,838		1
	Jonathan Page	\$7,595		1
	Memorial Community Development Corporation	\$26,779		1
	New Odyssey Investments, LLC	\$384,383		25
	Ozanam Family Shelter Corp.	\$18,238		1
Pleasant Chapel General Baptist Church	\$33,894		2	
City of Fort Wayne	Pleasant Chapel General Baptist Church	\$1,140,083	35	65
	Unkown	\$3,477,493	3	176

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017 (CONTINUED)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Gary	Broadway Area Community Development Corp.	\$116,619	4	10
	Fuller Center for Housing of Gary	\$194,287	13	16
	Habitat for Humanity of Northwest Indiana	\$9,579		1
	The Gary Redevelopment Commission	\$3,274,843	143	305
	The Sojourner Truth House	\$114,356	8	9
City of Hammond	Hammond Redevelopment Commission	\$173,167	1	10
	United Neighborhoods, Inc.	\$255,659		15
City of Hartford City	Blackford Development Corporation	\$245,612	4	23
	Community & Family Services			
	Jay Dawson	\$10,010	1	1
	Rosalie Adkins	\$9,765	1	1
City of Indianapolis	Community Alliance of Far Eastside			
	Mapleton Fall Creek Development Corporation	\$57,639		3
	Near East Area Renewal	\$95,989		8
	Near North Development Corporation	\$109,580		9
	Renew Indianapolis	\$1,528,207	109	113
	Riley Area Development Corporation	\$28,496		2
City of Kendallville	Campbell and Fetter Bank			
City of Knox	Starke County Economic Devt. Foundation, Inc.	\$146,467		10
City of Kokomo	Kokomo Community Development Corporation	\$953,919	6	83
City of Lawrence	Lawrence/Fort Harrison Development Corporation dba Lawrence Community Development Corporation	\$57,636		5
City of Lebanon	Lebanon Community Development Corporation	\$38,550		3
City of Logansport	Logansport Municipal Building Corporation	\$586,945		34
City of Marion	Marion Redevelopment Commission	\$1,133,617		63
City of Montpelier	Blackford Development Corporation	\$32,858		3
	Community and Family Services			
City of Muncie	Faith Builders			
	Muncie Redevelopment Commission	\$258,820	26	26
City of New Castle	Healthy Communities of Henry County	\$83,721		8
	Henry County Redevelopment Commission	\$30,646	1	4
	Interlocal Community Action Program, Inc.	\$85,636	1	10
	New Castle Housing Authority			
	Westminster Community Center	\$71,418		10
City of Peru	Habitat for Humanity of Miami County, Inc.			
	Miami County Economic Development Authority	\$141,255	2	8
	Miami County Master Gardener Association			
	Scratching Post Cat Rescue			
City of Portland	Community and Family Services	\$56,300		4
City of Richmond	Habitat for Humanity of Greater Richmond	\$194,010		13
	Neighborhood Services Clearinghouse	\$1,670,883	17	107
City of Rising Sun	Redevelopment Commission of City of Rising Sun	\$117,066		5
	RSOC Senior Citizen Housing Inc.			
City of Rushville	Southern Indiana Housing & Community Development Corp	\$204,417	3	12
City of Shelbyville	Habitat for Humanity For Shelby Co.	\$85,635		5

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017 (CONTINUED)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of South Bend	Near Northwest Neighborhood Inc.	\$153,522		9
	South Bend Heritage Foundation, Inc.	\$181,484		10
	Urban Enterprise Assoc. of South Bend, Inc.	\$731,470		42
City of Sullivan	Sullivan City Redevelopment Commission	\$284,251	11	21
City of Terre Haute	Terre Haute Department of Redevelopment	\$194,918		16
City of Vincennes	Carol Anderson			
	Chris Case			
	Dan Vories			
	Forest and Charity Davis			
	Jack Stilwell			
	Karen Evans			
	Kevin Ridge			
	Larry Stuckman			
	Leonard Stevenson			
	Mark Loveman			
	Matt McCoy			
	Priscilla Wissell	\$9,917	1	1
	Randall E. Madison			
	Rick Szudy			
	Spiritwoman Greywolfe			
Steven Kramer				
Thursday Church				
United Pentecostal Tabernacle	\$11,464	1	1	
William Ridge				
City of Washington	Davies County Economic Development Foundation, Inc.	\$106,574	1	11
	Habitat for Humanity of Daviess County, Inc.			
	Washington Housing Authority			
County of Pulaski	White's General Contracting			
County of Sullivan	Sullivan County Redevelopment Commission			
County of Vigo	West Terre Haute Redevelopment Commission			
The Board of Commissioners of the County of Dearborn	Casey Kaiser	\$11,609	3	1
	City of Aurora Redevelopment Commission	\$66,100		3
	John & Darlene Albright	\$9,172		1
	Joseph Fette	\$12,166		1
	Laura Williams			
	Linda Ketterman Revocable Trust	\$50		1
	Robert and Janice Fehrman Revocable Trust	\$8,963		1
	Town of Moores Hill Redevelopment Commission	\$31,162		2
Victor Fay	\$14,828		1	
The Board of Commissioners of the County of Elkhart	La Casa Real Estate Holding, LLC	\$605,603	12	30

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017 (CONTINUED)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
The Board of Commissioners of the County of Gibson	Anna Marie Kiel	\$13,428		1
	Barnaby Knoll	\$61,647		4
	Billy Ray Walden	\$24,188		1
	Brandon W. Taylor and Jane E. Taylor	\$12,197		1
	Brenda Boyer			
	Brenda Farber	\$18,000		1
	Brian Dawson	\$18,975		1
	Carl Dean Short	\$13,595	1	1
	Carmen Jones	\$11,970	1	1
	Cathy and Charles Briner	\$18,795	1	1
	Chris Schmidt	\$14,720		1
	Daniel R. Engler and Sherry L. Engler	\$19,006		1
	Darlene Wright	\$9,600	1	1
	David O. Hill	\$13,700		1
	Delores Neaveill			
	Donald and Wilma Newcome	\$10,076		1
	Elizabeth Schlacks			
	Evan and Jodi Meyer	\$12,415	1	1
	Gloria and Jose Garcia	\$14,495		1
	Habitat for Humanity of Gibson County	\$15,443	1	1
	Ivan Wilkerson	\$13,765	1	1
	Jane Hoskins	\$15,885	1	1
	Janet and Thomas Dewig	\$17,495	1	1
	Jason Spindler	\$11,200		
	John D. Young	\$18,540		1
	Jonnie and Samuel Watkins	\$12,550	1	1
	Joshua and Mandy Conder			
	Julie and Ronald Titzer	\$15,845	1	1
	Keith Perkins	\$9,942		
	Kenneth L. Wolf	\$12,575		1
	Lana Knowles	\$19,695	1	1
	Leslie T. Marshall	\$19,191		1
	Lillie E. Gardner Wheelhouse, Joseph H. Gardner and Judith L. Gardner	\$18,556		1
	Mark A. Tooley			
	Nancy Carsey, Jay and Richard Stevens	\$15,096		1
	Nicholas Burns	\$32,243		2
	Princeton Redevelopment Commission	\$160,826		9
	Ralph B DeBord	\$11,200		1
	Randall A. Scales	\$15,425		1
	Richard Ellis	\$17,164		1
	Richard Kolb			
Rick and Elaine Sides				
Robert D. McClain	\$15,597	1	1	
Roger Adkins	\$16,110	1	1	
Ronald Gordon	\$15,260	1	1	
Scott and Kathryn St. Clair	\$9,942		1	
Sheiln J. Besing	\$19,793		1	
Sheryl Walker-Isakson/Allen Isakson	\$12,719		1	
Steve & Brian Dyson	\$17,887		1	
Thomas R. Johnstone, Sr.	\$44,386	1	3	
Tim Thompson	\$32,440		2	
Timothy A. Beadles				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017 (CONTINUED)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
The Board of Commissioners of the County of Greene	Greene Redevelopment Commission	\$160,457	3	15
The Board of Commissioners of the County of Howard	Howard Redevelopment Commission	\$10,849	1	1
	Jessee Trine	\$19,858		1
The Board of Commissioners of the County of Posey	Allen and Erma Roedel			
	Beverly Stone/Katrina Wagner	\$13,895		1
	Brett Newman			
	Bruce and Kathy Martin			
	Dale Reuter	\$22,382		1
	James C. Welch, Jr			
	Karen Baker			
	Mt. Vernon Redevelopment	\$424,255	11	31
	Randall Yeida and Susan Marshall	\$7,187		1
	Sherriell Thompson	\$24,007		1
	Alan, Daryl & Elizabeth (Griggs) Saltzman	\$17,317	1	1
	Andy R & Donna VanWinkle	\$15,012		1
	Barbara & Kenneth Klippel			
	Bettye Lee	\$13,466		1
	Boonville Now, Inc.	\$262,825		17
	Brian Hendrickson	\$12,070		1
	Cass County Redevelopment Commission			
	Charles L. Allen			
	Christopher Lunn	\$25,000		1
	Clifford Hayden	\$12,373		2
Dannie & Diane Alexander				
David Payne				
Dennis & Cheryl Oakley				
Ehrlich & Karen Smith				
Habitat for Humanity of Warrick County	\$20,282		2	
County of Warrick	James B. Decker, II	\$13,579		1
	Josh Barnett	\$22,166		1
	Larry & Karen Willis	\$15,487		1
	Lori Lamar	\$15,618		1
	Marlin Harris			
	Patty Englehart & Michael Harvey			
	Ralph & Sandra Decker			
	Ronald & Annis M. Marshall	\$10,057		1
	Ronald Evans			
	Roy & Taffney Carter			
	Roy and Linda Paxton	\$23,690		1
	Scott Speicher	\$14,336		1
	Terry D. Cline and Kathy J. Cline	\$11,966		1
	Thomas Key	\$24,211	1	1
	Tim A. McKinney	\$11,364		1
	Wesley B. Hack and Maureen L. Hack	\$13,916		1
	Zachary Lee Bailey	11,364		
Town of Arcadia	Curtis & Mary Parr	\$21,015		1

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 6/30/2017 (CONTINUED)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Town of Brookeville	Brookville Redevelopment Commission			
	Kara Knapp			
	LSC Properties, LLC			
Town of Cambridge City	Tammy Davis, III			
	Carla Boyles			
	Jonathan Winchester			
	Robert Fortman			
Town of Coatesville	National Road Heritage Trail	\$17,257		1
Town of Daleville	Daleville Parks, Inc.	\$33,235	2	2
Town of Decker	Cathy Griffith			
	Darrell & Robin Lindsay	\$18,151		2
	David & Bonnie Wehmeier	\$6,442		1
	Decker Community Center			
	Doug Deyoe			
	Kathy Hartigan			
	William Beamon			
Town of Edwardsport	Keith Martin			
Town of Greens Fork	David and Dianna Mosier and Danielle Virgil	\$7,265		1
	Mendy Rose	\$8,265		1
	Monty and Mary York	\$14,765		1
Town of Hagerstown	Edward Nugent	\$8,765	1	1
	Joe Smith, Jefferson Township Trustee			
	Randy Moles	\$9,744	1	1
Town of Lagro	David Pefley			
	Kevin Campbell			
Town of Oaktown	Knox County Housing Authority			
Town of Richland City	The Friends of Richland	\$67,856		4
Town of Silver Lake	Silver Lake Education Foundation	\$30,975		3
	Habitat for Humanity of Northeast Indiana	\$23,446	1	1
Town of St. Joe	Larry Griffin			
	Michael Mills			
Town of Sweetser	Sweetser Redevelopment Commission	\$24,898		2
Town of Waterloo	Habitat for Humanity of Northeast Indiana	\$50,428		3
	RP Wakefield Co.	\$15,699		1
	Waterloo Redevelopment Commission	\$114,212		5
Grand Total		\$26,787,548	479	1,830

^a Indiana Housing and Community Development Authority.

^b Indiana HFA response to SIGTARP data call. Due to reporting date differences, figures may vary from Treasury's published reports.

INDIANA HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017		
County	Partner	Contractor
City of Alexandria	Madison County Council of Governments	Miller's Excavating & Demolition
		Apfel, Inc.
City of Anderson	South Meridian Church of God	Davis Excavating, Inc.
		Gerry's Construction Services
		Shepherd Homes General Contractor
City of Auburn	Habitat for Humanity of Northeast Indiana	Knott Drainage & Excavating Inc
City of Connersville	Whole Family Community Initiative, Inc./House of Ruth of Connersville	Frank Construction & Excavating, Inc
City of Dunkirk	Dunkirk Industrial Development Corporation	Kesler Excavating, LLC
City of East Chicago	East Chicago Redevelopment Commission	Actin Contracting, LLC
		JM Industrial Services, Inc
City of Elwood	Elwood Redevelopment Commission	Miller's Excavating & Demolition
		Renascent, Inc.
City of Evansville	Pleasant Chapel General Baptist Church	Hazex Construction Co.
		Diamond Green Group Inc
		Martin Enterprises Inc
City of Fort Wayne	Housing and Neighborhood Development Services , Inc.	Patriot Engineering
		Paul Davis Restoration
		Protechs, Inc
		Rothberg Logan & Warsco LLP
City of Gary	Sojourner Truth House	Aavatar Enterprises
		Actin Contracting, LLC
		C. Lee Construction Services
		Gary Material Supply
		JM Industrial Services, Inc.
		Spirit Wrecking & Excavation, Inc.
City of Hammond	United Neighborhoods, Inc.	JM Industrial Services, Inc.
		RSR Demolition, LLC
City of Hartford City	Rosalie Adkins	Shroyer Bros Inc.
		C&M Wrecking Inc.
City of Indianapolis	Riley Area Development Corporation	Construction Waste
		Nel Main Interiors, Inc.
		Ray's Demolition LLC
		Renascent, Inc
City of Kokomo	Kokomo Community Development Corporation	City of Firsts Excavating and Demo LLC
		Donathon's Inspections
		Freedom First Excavation and Demo LLC
		LA Excavating
		LLC Yardberry Landscape Excavating
		Merritt's Truck & Auto Repair
		Vincent Concrete
City of Lawrence	Lawrence Community Development Corporation	Ray's Demolition LLC
City of Logansport	Logansport Municipal Building Corporation	Allback Construction LLC
		B&G Construction
		Afford able Housing Corporation
		Dave's Excavating
City of Marion	Marion Redevelopment Commission	Grant County Lawn Care
		Keith Sullivan Excavating, Inc.
		Quality Environmental Solutions Inc.
		Randal Miller & Associates
		Republic Services
City of Montpelier	Community and Family Services	Shroyer Bros Inc
City of New Castle	Westminster Community Center	Neal Scrap Metals LLC

Continued on next page

INDIANA HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

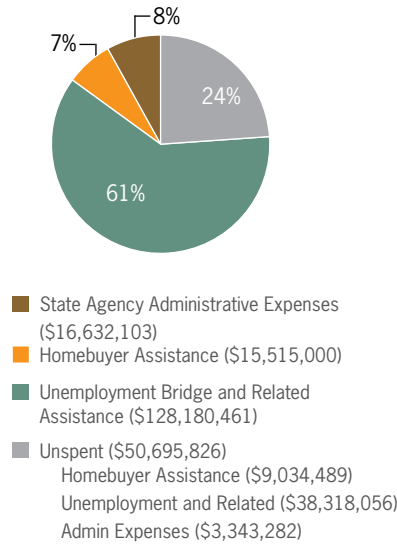
City of Richmond	Neighborhood Services Clearinghouse	Complete Demolition Services LLC
		Cox Excavating Plus
		Culy Contracting, Inc.
		Mikesell Excavating Inc
		Pro Lawn Care & Landscaping
City of Rising Sun	RSOC Senior Citizen Housing Inc.	Total Property Care, LLC
City of Rushville	Southern Indiana Housing and Community Development Corporation	Holman Excavating LLC
City of South Bend	Urban Enterprise Association	Indiana Earth, Inc
City of Sullivan	Sullivan City Redevelopment Commission	Freedom First Excavating and Demo LLC
		Bell & Bell Demolition Inc
City of Terre Haute	West Terre Haute Redevelopment Commission	Hoggatt Excavating & Demolition
County of Dearborn	Victor C. Fay, III	Probst Excavating Inc
County of Elkhart	La Casa Real Estate Holding, LLC	Pelley Excavating
County of Gibson	Timothy A. Beadles	Naas & Son, LLC
County of Greene	Greene County Redevelopment Commission	Carr-Thomas Construction Inc.
		Earth Services
County of Posey	Sherriell Thompson	Naas & Son, LLC
County of Warrick	Zachary Lee Bailey	Jerry Aigner Construction, Inc
Town of Silver Lake	Silver Lake Education Foundation	Greene Excavating
Town of Waterloo	Waterloo Redevelopment Commission	Knott Drainage & Excavating Inc.

HHF in Kentucky

The Kentucky state agency has been paid \$16.6 million by Treasury to distribute these Federal dollars. For example:²¹

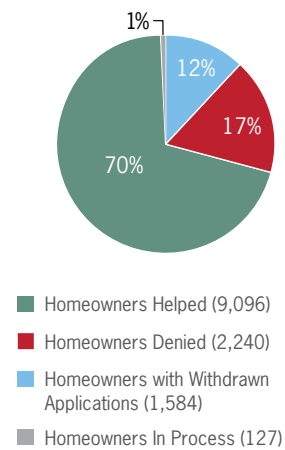
- Last year, only 766 Kentucky homeowners received help through HHF Kentucky’s unemployment program, despite there being approximately 106,224 unemployed people in Kentucky.
- 70% of homeowners received help, while 17% of homeowners were denied and 12% of homeowners had their applications withdrawn.
- The Kentucky state agency spent \$49,150 in HHF funds on unnecessary expenses, including: \$159 spent on catered lunches with Treasury employees, \$46,811 spent on severance payments for three employees, \$654 spent on gift certificates and cash bonuses, \$1,526 spent on food and beverages, including a picnic with food trucks, an employee gelato outing.

FIGURE 4.16
HARDEST HIT FUND – USE OF FUNDS IN KENTUCKY, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.17
STATUS OF KENTUCKY HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

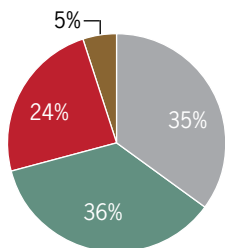
HHF in Michigan

The Michigan state agency, paid \$41.2 million in TARP, appears to have shifted their entire focus to demolition and away from helping homeowners in HHF For example:²¹

- During the second quarter of 2017, not a single homeowner received unemployment assistance. There were 226,382 people in Michigan unemployed as of that date.
- Over the past year HHF Michigan denied help to 40% (3,072) of homeowners seeking assistance from the state agency.
- Fewer than half of all homeowners seeking help from the state agency received HHF assistance (70,765 homeowners sought help and 34,593 received that help).
- The Michigan state agency spent \$337,349 in HHF funds on unnecessary expenses, including: \$77 spent on refreshments and meals for Treasury employees, \$330,575 spent to provide free parking to employees, \$6,642 in parties, celebrations or other food and beverages, including cupcakes, ice cream sandwiches, balloons and pizza, \$55 on employee gifts from Bed, Bath & Beyond.

FIGURE 4.18

HARDEST HIT FUND – USE OF FUNDS IN MICHIGAN, AS OF 6/30/2017

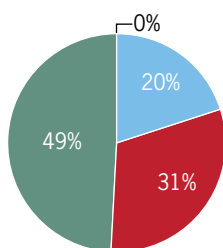


- State Agency Administrative Expenses (\$41,179,022)
- Demolition (\$183,061,754)
- Unemployment Bridge and Related Assistance (\$273,443,469)
- Unspent (\$271,778,043)
Demolition (\$198,224,580)
Unemployment and Related (\$44,750,632)
Admin Expenses (\$28,802,831)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.19

STATUS OF MICHIGAN HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (34,593)
 - Homeowners Denied (21,648)
 - Homeowners with Withdrawn Applications (14,182)
 - Homeowners In Process (342)
- Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

The \$381.2 million TARP-funded demolition program has demolished 12,257 homes in Michigan, after more than three years, spending over \$180 million on demolition

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN AS OF 6/30/2017

City/County	Partner ^a	Demolition Contractor	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Adrian	Lenawee County Land Bank Authority	Salenbien Trucking and Excavating, Inc.	\$35,494	2	2
		Slusarski Excavating & Paving Inc.	\$160,257		8
		313 Construction, LLC	\$536,429	4	36
		ABC DEMOLITION COMPANY, INC.	\$5,318,268	6	367
		Able Demolition	\$8,561,907	78	553
		Adamo	\$36,560,146	68	2,203
		Berkshire	\$89,932	5	5
		BLUE STAR	\$3,346,102	24	234
		Direct Construction Services, LLC	\$350,079		24
		DMC Group	\$13,380,164	105	888
Detroit	Detroit Land Bank Authority	Esso Wrecking	\$2,356,372	17	151
		Farrow Group	\$2,981,112	5	175
		Homich	\$31,562,907	151	1,920
		Jenkins	\$494,084		46
		Leadhead Construction	\$305,222	21	21
		MCM Mangement Corp	\$5,069,942		334
		Rademacher	\$16,522		1
		Rickman Enterprise Group, LLC	\$9,343,549	82	531
		Salenbien Trucking and Excavating, INC	\$3,235,183	61	229
		Smalley Construction	\$193,828		19
		Time Savers	\$132,156	1	8
		Unknown	\$32,030		2
		Ecorse	Wayne Metro – Ecorse	International Construction Inc	\$574,553
Lyle Demolition LLC	\$263,443				20
Salenbien Trucking and Excavating, INC	\$159,699				10

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN AS OF 6/30/2017 (continued)

City	Partner ^a	Primary Demolition Contractor	TARP Dollars Used*	Demolished in Most Recent Quarter	Demolished, Cumulative
Flint	Genesee County Land Bank Authority	ACK FICK EXCAVATING	\$16,261	1	1
		Efficient Demolition, Inc.	\$104,113		9
		Fick Excavating, Inc.	\$4,462,940	2	375
		Unknown	\$8,506		1
		Jack Fick Excavating Inc.	\$419,907	17	31
		Unkown	\$17,732		2
		Kristine Sue Stanley	\$724,054		57
		L Zellar and Sons Excavating, Inc.	\$5,147,201	51	401
		L.A. Construction Corp	\$3,369,038	24	255
		North American Dlstmantling Corp.	\$9,774,850	12	728
		S.C. Environmental Services, LLC	\$929,017	3	71
		Salenbien Trucking and Excavating, INC	\$2,956,927		193
		Unknown	\$34,372		4
		W. T. Stevens Construction, Inc.	\$713,917	14	71
Grand Rapids	Habitat for Humanity of Kent County	Pitsch Companies, Inc.	\$253,934		11
		Specialized Demolition, Inc.	\$364,890		15
		ECO Demolition	\$119,284		5
		F Lax Construction	\$25,000		1
		Pitsch Companies, Inc.	\$908,183		51
		River City Excavating	\$59,625		3
		Specialized Demolition, Inc.	\$586,609		29
		Unknown	\$34,602		2
Hamtramck	Michigan Land Bank - Hamtramck - HHF	Adamo	\$40,271	2	2
		Salenbien Trucking and Excavating, INC	\$151,941	7	7
Highland Park	Michigan Land Bank - Highland Park - HHF	Adamo	\$156,990	5	9
		Salenbien Trucking and Excavating, INC	\$2,788,927	32	132
		Smalley Construction	\$1,020,854	49	49
Inkster	Michigan Land Bank (Inkster)	Adamo	\$943,619	43	52
		Salenbien Trucking and Excavating, INC	\$587,832	8	29
Ironwood	Gogebic County Land Bank Authority	Angelo Luppino, Inc.	\$172,856		8
		Associated Constructors, LLC	\$59,899		4
		Snow Country Contracting, Inc.	\$289,248		15
Ishpeming	Marquette County Land Bank	Associated Constructors, LLC	\$34,155	3	3

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN AS OF 6/30/2017 (continued)

City	Partner ^a	Primary Demolition Contractor	TARP Dollars Used*	Demolished in Most Recent Quarter	Demolished, Cumulative
Jackson	John George Home, Inc.	Dunigan Brothers	\$781,938	3	35
		Lester Brothers	\$82,642		4
		R A Baker	\$355,514	1	17
		Rickman Enterprise Group, LLC	\$107,155	3	5
		Salenbien Trucking and Excavating, INC	\$1,049,452	2	45
		Smalley Construction	\$2,967,535	5	134
Kalamazoo	Kalamazoo County Land Bank	Bolle Contracting, Inc	\$87,282	6	6
		KMR	\$22,235	2	2
Lansing	Ingham County Land Bank Fast Track Authority - HHF	Bolle Contracting, Inc	\$1,334,539	9	88
		S.C. Environmental Services, LLC	\$2,424,479	11	162
Muskegon Heights	Muskegon County Land Bank Authority	JMB	\$327,715		34
		Melching	\$1,396,883		126
		Pitsch Companies, Inc.	\$100,000	4	4
Pontiac	Michigan Land Bank - Pontiac - HHF	313 Construction, LLC	\$94,866		9
		Able Demolition	\$1,024,528		74
		Adamo	\$94,166	3	6
		BLUE STAR	\$555,583		38
		Homich	\$71,984		3
		Merlo Construction	\$10,276		1
		O'Brien Construction c/o ADR Consultants, LLC	\$44,788		4
		Salenbien Trucking and Excavating, INC	\$973,718	36	50
Port Huron	Port Huron Neighborhood Housing Corporation	Hammar's Contracting	\$125,218	1	6
		L&J Construction	\$138,004		7
		S.A. Torello	\$660,268		29
		Torello Demolition	\$33,606	2	2
River Rouge	Wayne Metro - River Rouge HHF	E Gilbert & Sons	\$116,265	1	10
		Salenbien Trucking and Excavating, INC	\$502,050		30
		Superior Wrecking Inc.	\$243,079	5	17
Saginaw	Saginaw County Land Bank Authority	Braddock Demolition	\$523,871		34
		Mead & Sons Contracting, Inc	\$1,317,713		99
		Rodney Woods Builder	\$7,784,913		578
		Rohde Brothers Excavation	\$1,569,697		131
Alger County					
Baraga County					
Bay City					
Berrien County					
Calhoun County					
Cass County					
Cheboygan County					
Grand Ledge					
Monroe					
Schoolcraft County					

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN AS OF 6/30/2017 (continued)

City	Partner ^a	Primary Demolition Contractor	TARP Dollars Used*	Demolished in Most Recent Quarter	Demolished, Cumulative
Sturgis					
TOTAL			\$189,443,370	1,008	12,257

Notes:

^a Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA).^b Michigan HFA response to SIGTARP data call. Due to reporting date differences, figures may vary from Treasury's published reports.

* "TARP Dollars Used" includes demolition, acquisition, greening, maintenance and other costs associated with the demolition of the respective properties. Not all of the TARP dollars used were paid to and/or retained by the Primary Demolition Contractor.

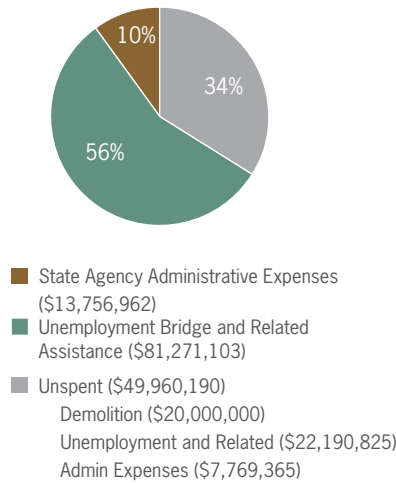
HHF in Mississippi

SIGTARP has identified inefficiencies at the Mississippi state agency, despite being paid \$13.8 million in TARP. For example:²¹

- In 6 years, HHF has helped only 4,331 Mississippi homeowners and 34% of TARP dollars have not been spent.
- Mississippi has spent \$13.8 million on administrative expenses which accounts for 14% of all the state’s HHF spending, higher than the national average of 11%.
- Only 502 new Mississippi homeowners were admitted to HHF last year.
- 35% of 6,668 Mississippi homeowners who applied for HHF help did not receive it.
- The Mississippi state agency spent \$8,111 in HHF funds on unnecessary expenses, including: \$369 spent on restaurant lunch for 30 people, including Treasury employees, \$5,343 spent on unemployment benefits, \$2,399 on training lunches with counselors.

FIGURE 4.20

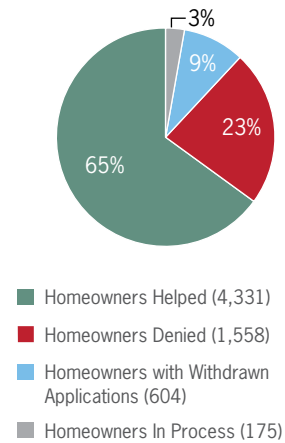
HARDEST HIT FUND – USE OF FUNDS IN MISSISSIPPI, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.21

STATUS OF MISSISSIPPI HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

The Mississippi state agency’s \$20 million TARP-funded demolition program was launched on December 19, 2016, and the Mississippi State agency has not reported any demolition.

HHF in Nevada

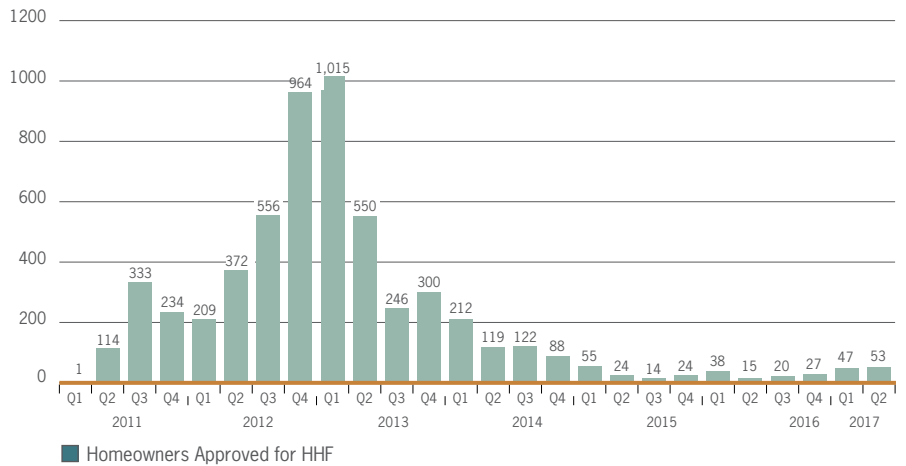
SIGTARP has identified the Nevada state agency contractor NAHAC as one of the worst participants in HHF, despite being paid \$19.1 million in funds. For example:²¹

- Nevada had a 95% drop in number of homeowners helped each quarter from the first quarter of 2013 to 53 in the second quarter of 2017, see Figure 4.22.
- Only 146 Nevada homeowners received help from HHF last year, even though 72,239 people in Nevada are unemployed and the program has \$87.5 million available to help them.
- During the past year, HHF Nevada did not provide mortgage modification assistance to any homeowners while there were 58,948 homeowners in the state who owed more than their home was worth as of 6/30/2017.
- The Nevada state agency spent \$240,677 in HHF funds on unnecessary expenses, including: \$194,294 spent on private investigators, settlement payments for discrimination, and severance payments to former employees, \$43,497 spent on bonuses, of which nearly all went to the CEO who was later terminated, \$2,886 on two employee picnics and other celebrations and food.
- In a September 2016 audit, SIGTARP found \$8.2 million in wasted TARP dollars and abuse by the Nevada Affordable Housing Assistance Corporation (NAHAC), the contractor selected by the state agency to administer HHF. SIGTARP recommended that Treasury prohibit NAHAC from HHF and seek repayment of the following waste identified by SIGTARP:
 - \$11,000 for the CEO's car allowance for a Mercedes Benz • \$20,000 for severance to the terminated CEO
 - \$10,963.68 spent on employee bonuses, employee gifts, employee outings, staff lunches and other employee perks.
 - SIGTARP found that NAHAC used TARP funds to treat their employees to extravagant gifts and perks, all of which was charged to the 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."
 - \$5,811.27 spent for holiday parties and gifts
 - \$100,385.20 wasted on excessive rent, relocation and related costs
 - \$184,319.21 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), and for an ethics investigation (block-billed at \$18,160).
 - \$26,395.70 to pay for forensic auditors to reconcile its books
 - \$10,812.00 for the independent auditor to reconcile non-HHF bank accounts

- \$19,874.75 paid for the terminated CEO’s severance package
- \$10,840.18 spent on non-HHF expenses identified by Treasury
- \$23,838.25 identified by Treasury for unsupported and non-HHF expenses
- \$2,241,396 in wasted excessive administrative expenses during 2015, which exceeded the per-homeowner-cost in 2013, and
- \$7,459,626.22 in overhead as NAHAC charged 100% of its overhead to HHF.

FIGURE 4.22

NEVADA HOMEOWNERS APPROVED FOR HHF, BY QUARTER

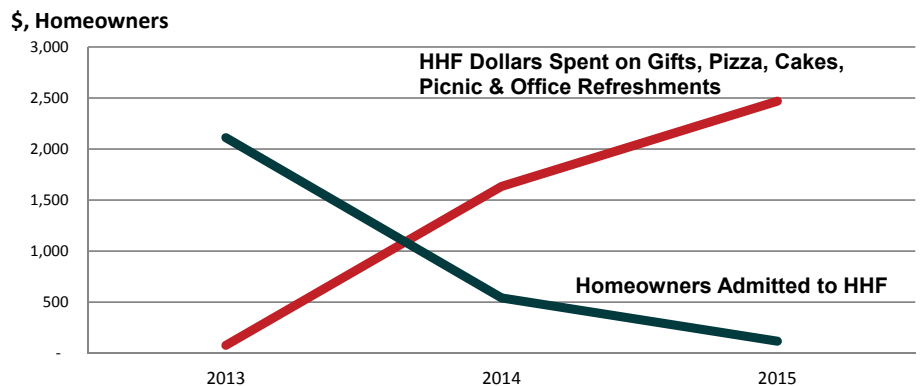


Source: SIGTARP Audit Report, “Waste and Abuse in the Hardest Hit Fund in Nevada”, 9/9/2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 10/16/2017.; Treasury, HFA Aggregate Report Q2 2017.

- Since 2013 spending by the Nevada state agency has increased while the number of homeowners helped has decreased, see Figure 4.23.

FIGURE 4.23

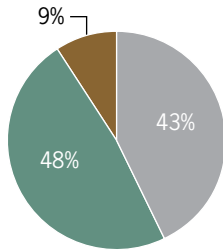
SPENDING BY HARDEST HIT FUND NEVADA COMPARED TO HOMEOWNERS APPROVED FOR HHF



Source: SIGTARP, Audit Report: “Waste and Abuse in the Hardest Hit Fund in Nevada”, 9/9/2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 10/16/2017; Treasury, HFA Aggregate Report Q2 2017.

- Only 34% of all people who applied got HHF help, despite the state’s persistently high mortgage delinquencies, foreclosures and unemployment.
- Nevada has spent \$19.1 million on administrative expenses which accounts for 16% of the all the state’s HHF spending, higher than the national average of 11%.
- Nevada’s HHF program has seen 40% of homeowners withdraw their application or have their application withdrawn for them. This is among the highest in the country, as 6,396 of the 15,985 homeowners who applied for HHF assistance in Nevada have withdrawn or been withdrawn by the program.

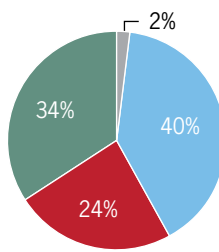
FIGURE 4.24
HARDEST HIT FUND – USE OF FUNDS IN NEVADA, AS OF 6/30/2017



- State Agency Administrative Expenses (\$19,111,063)
- Unemployment Bridge and Related Assistance (\$96,977,009)
- Unspent (\$88,284,519)
Unemployment and Related (\$82,147,905)
Admin Expenses (\$6,136,613)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.25
STATUS OF NEVADA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (5,543)
- Homeowners Denied (3,886)
- Homeowners with Withdrawn Applications (6,396)
- Homeowners in Process (337)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

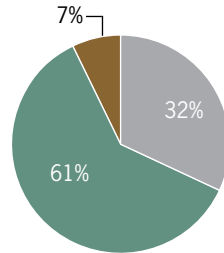
HHF in New Jersey

SIGTARP has identified significant inefficiencies at the New Jersey state agency, despite being paid \$29.2 million in TARP. For example:²¹

- In 6 years, HHF has helped only 6,788 New Jersey homeowners, less than half of applicants and 32% of TARP dollars has not been spent.
- 54% of homeowners who sought help in New Jersey were denied HHF help – one of highest denial rates in HHF states, 9,528 of the 17,745 homeowners who applied for HHF assistance in New Jersey since the program began have been denied assistance.
- Only 25% of those who applied for HHF assistance last year received it.
- The New Jersey state agency spent \$1,585 in HHF funds on unnecessary expenses, including: \$472 at Land & Sea Restaurant, \$836 at Italian Peoples Bakery, \$277 at Italian Peoples Bakery

FIGURE 4.26

HARDEST HIT FUND – USE OF FUNDS IN NEW JERSEY, AS OF 6/30/2017

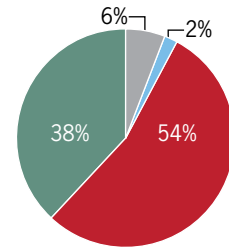


- State Agency Administrative Expenses (\$29,215,210)
- Unemployment Bridge and Related Assistance (\$256,806,698)
- Unspent (\$135,304,353)
Unemployment and Related (\$103,505,573)
Admin Expenses (\$15,814,780)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.27

STATUS OF NEW JERSEY HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (6,778)
- Homeowners Denied (9,528)
- Homeowners with Withdrawn Applications (289)
- Homeowners In Process (1,140)

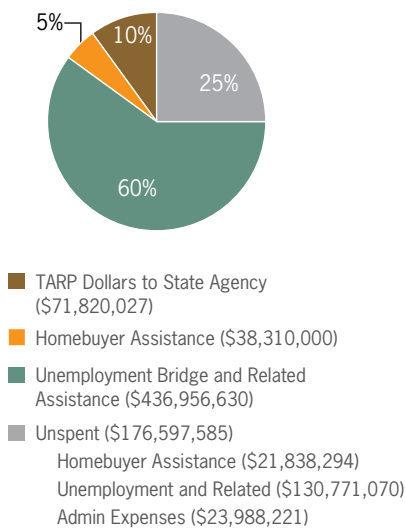
Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

HHF in North Carolina

SIGTARP has identified some inefficiencies at the North Carolina state agency, despite being paid more than \$71.8 million in funds. For example:²¹

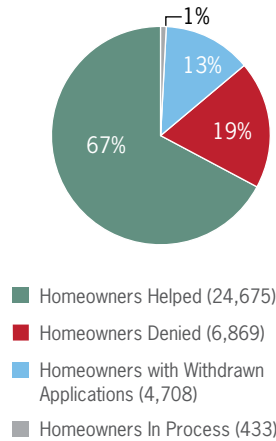
- Two programs designed to help homeowners modify their loans and recast their monthly payments were closed without helping a single homeowner.
- North Carolina has spent \$71.8 million on administrative expenses which accounts for 13% of all the state’s HHF spending, higher than the national average of 11%.
- The North Carolina state agency spent \$107,821 in HHF funds on unnecessary expenses, including: \$2,830 spent on four catered barbeques and other food with Treasury employees, \$8,219 on parties, picnics, celebrations, and outings, including, for example, a Valentine’s day party with décor and food , steak and seafood dinners, regular employee meals, and balloons, candles, cakes and cupcakes to celebrate the milestone of the number of homeowners helped, \$18,091 on employee cash bonuses, \$1,965 on VISA gift cards and other gifts including \$1,113 on customized Lands’ End shirts and a \$50 CVS gift card to recognize new HHF Funding in 2016, \$8,880 on gym memberships, \$14,124 for employee breakfasts, lunches and dinner sometimes with external parties; and \$53,712 for food and other costs at events with housing counselors , including a ‘celebration’ of counselors that included \$400 in virgin cocktails, \$200 in mini cupcakes and a \$770 gratuity.

FIGURE 4.28
HARDEST HIT FUND – USE OF FUNDS IN NORTH CAROLINA, AS 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.29
STATUS OF NORTH CAROLINA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

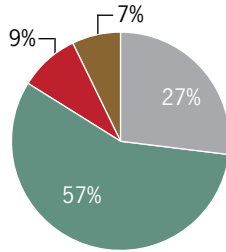
HHF in Ohio

The Ohio state agency, paid \$54.3 million in funds, appears to be heavily focused on blight demolitions and less focused on helping homeowners with HHF. For example:²¹

- During the past year, HHF Ohio approved 760 homeowners for HHF assistance. During the same period 24,468 homeowners lost their home to foreclosure.
- Over the past year, HHF Ohio has only helped 645 unemployed homeowners with mortgage assistance, while 308,055 people in Ohio remain unemployed.
- While the Ohio state agency assisted 25,293 Ohio homeowners with HHF, it has not helped nearly one out of every three applicants.
- The Ohio state agency spent \$204,522 in HHF funds on unnecessary expenses, including: \$127,932 spent on fleet of “TARP cars” and a \$90-110 monthly payment to employees for transportation, \$63,432 on unemployment payments to former employees, \$13,158 on events with housing counselors, including paid admission at one zoo and breakfast and lunch at three other zoos.

FIGURE 4.30

HARDEST HIT FUND – USE OF FUNDS IN OHIO, AS OF 6/30/2017

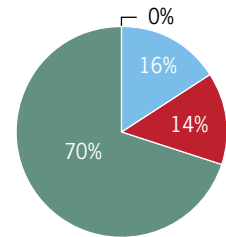


- State Agency Administrative Expenses (\$54,339,934)
- Demolition (\$71,569,092)
- Unemployment Bridge and Related Assistance (\$433,872,289)
- Unspent (\$209,042,851)
 Unemployment and Related (\$30,364,439)
 Demolition (\$166,459,610)
 Admin Expenses (\$12,218,802)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.31

STATUS OF OHIO HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (25,293)
- Homeowners Denied (5,072)
- Homeowners with Withdrawn Applications (5,598)
- Homeowners In Process (166)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

The \$238 million TARP-funded demolition program in Ohio, has demolished 5,246 abandoned houses using \$72 million, since August 2013. This is the second highest number of demolitions in the HHF program.

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 6/30/2017

City / County	Partner*	Disbursements to Partners, Program to Date	Demolished in Most Recent Quarter	Demolished, Cumulative
Adena	Jefferson County Land Reutilization Corporation	\$50,112		4
Akron	Summit County Land Reutilization Corporation	\$2,056,268		132
Allen	Allen County Land Reutilization Corporation			
Alliance	Stark County Land Reutilization Corporation	\$396,546		29
Ashtabula	Ashtabula County Land Reutilization Corporation	\$999,581	3	58
Atwater	Portage County Land Reutilization Corporation	\$47,819	2	4
Bellaire	Belmont County Land Reutilization Corporation	\$53,842		4
Boardman	Mahoning County Land Reutilization Corporation	\$54,560		5
Bridgeport	Belmont County Land Reutilization Corporation	\$27,021		2
Brilliant	Jefferson County Land Reutilization Corporation	\$14,910		1
Bryan	Williams County Land Reutilization Corporation	\$10,521	1	1
Campbell	Mahoning County Land Reutilization Corporation	\$278,027	1	18
Canton	Stark County Land Reutilization Corporation	\$3,386,177	27	217
Cincinnati	Hamilton County Land Reutilization Corporation	\$4,118,272	14	195
Cleveland	Cuyahoga County Land Reutilization Corp	\$22,118,624	248	1,709
Cleveland Heights	Cuyahoga County Land Reutilization Corp	\$304,523	1	24
Clinton	Clinton County Land Reutilization Corporation			
Columbus	Franklin (Central Ohio Community Improvement Corporation)	\$6,764,453	44	421
Conneaut	Ashtabula County Land Reutilization Corporation	\$93,565		5
Crawford	Crawford County Land Reutilization Corporation			
Dayton	Lucas County Land Reutilization Corporation	\$14,505		1
	Montgomery County Land Reutilization Corporation	\$5,110,553	29	311
Deerfield	Portage County Land Reutilization Corporation	\$43,965	1	3
Dillonvale	Jefferson County Land Reutilization Corporation	\$59,222		5
East Cleveland	Cuyahoga County Land Reutilization Corp	\$1,757,372	5	129
East Liverpool	Columbiana County Land Reutilization Corporation	\$335,332	4	18
Eastlake	Lake County Land Reutilization Corporation	\$35,971		2
Elyria	Lorain County Land Reutilization Corporation	\$883,310	30	52
Empire	Jefferson County Land Reutilization Corporation	\$12,370	1	1
Euclid	Cuyahoga County Land Reutilization Corp	\$218,163	1	17
Fairport Harbor	Lake County Land Reutilization Corporation	\$11,917		1
Garfield Heights	Cuyahoga County Land Reutilization Corp	\$506,485	1	38
Garrettsville	Portage County Land Reutilization Corporation	\$13,159		1
Hamilton	Butler County Land Reutilization Corporation	\$1,036,955	14	74
Kent	Portage County Land Reutilization Corporation	\$71,823	3	4
Lancaster	Fairfield County Land Reutilization Corporation	\$343,519		20
Lawrence	Lawrence County Land Reutilization Corporation			
Lorain	Lorain County Land Reutilization Corporation	\$2,015,039	15	109
Madison Township	Lake County Land Reutilization Corporation	\$100,760		5
Mansfield	Richland County Land Reutilization Corporation	\$1,051,324	24	90
Mantua	Portage County Land Reutilization Corporation	\$18,650		1
Maple Heights	Cuyahoga County Land Reutilization Corp	\$371,941	1	26
Marion	Marion County Land Reutilization Corporation			
Martins Ferry	Belmont County Land Reutilization Corporation	\$56,833		4
Massillon	Stark County Land Reutilization Corporation	\$39,645	4	4
Mentor On The Lake	Lake County Land Reutilization Corporation	\$70,755		4
Mingo Junction	Jefferson County Land Reutilization Corporation	\$77,705	3	5
Morrow	Morrow County Land Reutilization Corporation			
Newark	Licking County Land Reutilization Corporation	\$85,112	6	6

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 6/30/2017 (continued)

City / County	Partner*	Disbursements to Partners, Program to Date	Demolished in Most Recent Quarter	Demolished, Cumulative
Newburgh Heights	Cuyahoga County Land Reutilization Corp	\$77,947		6
Ottawa	Ottawa County Land Reutilization Corporation			
Painesville	Lake County Land Reutilization Corporation	\$207,157		12
Perry	Perry County Land Reutilization Corporation			
Portsmouth	Scioto County Land Reutilization Corporation	\$14,379	1	1
Ravenna	Portage County Land Reutilization Corporation	\$174,600	7	13
Rayland	Jefferson County Land Reutilization Corporation	\$30,779	2	2
Ross	Ross County Land Reutilization Corporation			
Salem	Columbiana County Land Reutilization Corporation	\$112,232		6
Sandusky	Erie County Land Reutilization Corporation	\$202,329		12
Sandusky County	Sandusky County Land Reutilization Corporation			
Seneca	Seneca County Land Reutilization Corporation			
Shaker Heights	Cuyahoga County Land Reutilization Corp	\$12,525		1
Shelby	Richland County Land Reutilization Corporation	\$34,180	1	2
Shelby County	Shelby County Land Reutilization Corporation			
Smithfield	Jefferson County Land Reutilization Corporation	\$79,447		5
South Euclid	Cuyahoga County Land Reutilization Corp	\$23,616		2
Springfield	Clark County Land Reutilization Corporation	\$780,673	10	49
Steubenville	Jefferson County Land Reutilization Corporation	\$188,154	6	13
Struthers	Mahoning County Land Reutilization Corporation	\$279,855	2	17
Thornville	Fairfield County Land Reutilization Corporation	\$11,935		1
Toledo	Lucas County Land Reutilization Corporation	\$9,543,470	134	956
Trotwood	Montgomery County Land Reutilization Corporation	\$67,694		4
Van Wert County	Van Wert County Land Reutilization Corporation			
Warren	Trumbull County Land Reutilization Corporation	\$2,325,427	17	201
Warrensville Heights	Cuyahoga County Land Reutilization Corp	\$55,007		4
Wellsville	Columbiana County Land Reutilization Corporation	\$95,986		6
Whitehall	Franklin (Central Ohio Community Improvement Corporation)	\$15,484		1
Wickliffe	Lake County Land Reutilization Corporation	\$40,939		2
Willoughby	Lake County Land Reutilization Corporation	\$25,000		1
Windham	Portage County Land Reutilization Corporation	\$31,413	1	3
Youngstown	Mahoning County Land Reutilization Corporation	\$2,419,323	45	166
Grand Total		\$71,966,755	709	5,246

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017

County	Partner	Contractor
Ashtabula	Ashtabula County Land Reutilization Corporation	Adams Services Inc.
		Ashtabula County Port Authority
		Lower Cork Co.
		McCall and Spero Environmental Inc.
		Medico Systems Inc
Butler	Butler County Land Reutilization Corporation	Monit-Air Group Inc.
		Evans Landscaping
		Humble Environmental Service
		S/R Industries aka Sharon Roth
		Timothy W. Carlson Attorney
Clark	Clark County Land Reutilization Corporation	Vickers Demolition
		Watson Gravel Inc
		Bonnie's Nursery & Garden Center
		Clark County Auditor's Office
		Clark County Clerk of Courts
		Clark County Community Development
		EHS Laboratories - Environmental Hazard Services
		Huffman Tree Company LLC
		KC Fencing Unlimited LLC
		Law Office Mark F. Roberts
Columbiana	Columbiana County Land Reutilization Corporation	Neighborhood Housing Partnership of Greater Springfield, Inc.
		Perry's Lawn care & Landscaping
Cuyahoga	Cuyahoga County Land Reutilization Corporation	Tony Smith Wrecking
		Yarian Brothers Construction, Inc.
		23823 Ltd LLC
		A&D Contracting
		ABC Construction, LLC
		Aero Abatement Services, Inc
		AL's Home Repair Services
		American Metal and Wood Salvage, Inc.
		American Railroad Tie & Stone Co
		AMJ Construction
		AMW Salvage
		Arbor Pro Tree Care
		Arick's Services
		Baumann Enterprises, Inc.
		Behr Geo Environmental LLC
		Beneficial Properties Inc.
		Broadway D&R
		Contracting C & J Contractors Inc
		Carey Roofing and Construction Corporation
		CarTeCor Management LLC
		Chemtron Corporation
		Cherokee Demolition
		CLB Services LLC
		Coleman Trucking Inc
		Danzey Landscaping, Inc.
		ETA Development Inc.
		Everest Land Title Agency Inc.

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor
		Expert Reclaim Inc
		Foresight EHS
		Glenn A Smith Sr Consulting
		Great Lakes Contracting
		HEZ Enterprises LLC
		Hooks Landscaping & Snow Plowing, LLC
		Integrity Environmental Development, LLC
		JF Construction and Environmental LLC
		JJK Environmental Cleaning
		Jubilee Excavation
		King's Sons 820, Inc.
		Kingsway Contracting
		Kurtz Brothers, Inc
		L & S Lab Consulting Inc.
		Lawrence Properties & Rehab. Inc
		Lee Environmental Cleaning LLC
		Liberty Tire Recycling
		Lightening General Contractors
		Lightning Demolition
		M & R Industries, Inc.
		m.a.c. Paran Consulting
Cuyahoga (Continued)	Cuyahoga County Land Reutilization Corporation	Mark Brookins/Ginmark Inc.
		Midtown Demolition
		Miles Builders
		New Vista Enterprises
		O.B.O. Demolition and Construction
		OBON
		One Reliable Home Solutions
		Operation Clean Sweep
		Otis Maintenance
		Paran Consulting
		Partners Environmental Consulting Inc.
		Precision Environmental Co
		R.C.I. Services
		SafeAir Contractors
		T & T Demolition
		The Afco Group
		The Barker Group
		The Opal Industrial Group, LLC
		Uptown Environmental Services LLC
		Urban Recycling 216
		Vlora Construction Inc.
		XL Excavating
Erie	Erie County Land Reutilization Corporation	Great Lakes Demolition Co.
		Holcomb Enterprises LLC
		Stone Environmental, LLC
		Fairfield
Fairfield	Fairfield County Land Reutilization Corp	Fairfield County Treasurer
		Fairfield County Clerk of Courts
		Fairfield County Port Authority

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor
Fairfield (continued)	Fairfield County Land Reutilization Corp (continued)	Fairhaven Lawn Care
		Krikbride Lawn Care
		LEPI Enterprises Inc
		Ricketts Excavating, Inc.
		Vinton County National Bank
		Bronze Star Construction
		City of Columbus
		Colvin Gravel Company
		CTL Engineering, Inc.
		Demo Construction, LLC
		Department of Development; City of Columbus
		DSS Services LLC
		Egner Construction
		Franklin County, Ohio
Franklin	Central Ohio Community Improvement Corporation	Friends of the Hilltop
		H & H Environmental
		Hina Environmental Solutions, LLC
		Lowendick, LLC
		Luper Neidenthal & Logan
		McCall and Spero Environmental Inc.
		McDaniel's Construction Corporation, Inc.
		Miles-McClellan Construction Company, Inc.
		North American Environmental Services, LLC
		Ohio Technical Service, Inc.
		Poindexter Community Renaissance LLC
		R3 Inc
		Rain Brothers, LLC
		Ransom Company
Hamilton	Hamilton County Land Reutilization Corporation	Savaas or Savvas Ramone LLC
		Superior Enterprises Unlimited LLC
		Watson General Contracting
		Allgeier and Sons Inc
		Battle Axe Construction LLC
		Building Value, LLC
		City of Cincinnati Code Enforcement
		Fiscus Trucking & Excavating, Inc.
		Just Right Construction & Lawn Care Service
		Lawn Life
		Logan Creek LLC
		Port of Greater Cincinnati Development Authority
		R & J Construction Services
		Rainbow Environmental Services
SRW Environmental Services, Inc.		
Jefferson	Jefferson County Land Reutilization Corporation	Bruzzese & Calabria Attorneys at Law
		CT Consultants
		D&L Unlimited Construction
		Dave Buckmaster Plumbing & Heating
		Jefferson County Auditor
		Jefferson County Regional Planning Commission
		Lawrence T. Piergallini
		Littlejohn Law, LLC
		Office of the Prosecuting Attorney

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor		
Jefferson (continued)	Jefferson County Land Reutilization Corporation (continued)	Raze International, Inc		
		Thomas Wilson		
		X-Treme Demolition		
Lake	Lake County Land Reutilization Corp	Blackmore's Security Inc		
		Conway Land Title Company		
		Crisp Analytical, LLC		
		Cuyahoga HHF Acquisitions, LLC		
		Jim Hall Tree Service		
		JMW Trucking		
		Lake Erie Lawn Service		
		Pillar Excavating		
Lorain	Lorain County Land Reutilization Corporation	Diamond Services, Inc.		
		JP Environmental Consulting, Inc.		
		Old Republic National Title Insurance Company		
Lucas	Lucas County Land Reutilization Corporation	All Aspects		
		DMD Environmental, Inc.		
		E&H Taylor Construction, Inc.		
		ESI Ecological Services, Inc		
		Hazcorp Environmental Services, Inc.		
		Jackson Industries Corp.		
		LCLRC Holdings LLC		
		Midwest Environmental Control, Inc.		
		Paxton Demolition		
		SL Hauling & Renovations LLC		
		Total Environmental Services, LLC		
		TTL Associates Inc.		
		City of Toledo		
		J Walker Construction		
		Mike's Hauling and Demolition		
		PB Fabrication & Dismantling		
		T. Smidi Hauling		
		TJRS-LLC		
		Wes Boykin Trucking		
		Mahoning	Mahoning County Land Reutilization Corp	Adamczak LLC
				Battle Axe Construction LLC
				Canfield Fence Company
				Capital Title Services., Inc.
Cyclone Services, Inc.				
Environmental Protection Systems LLC				
Howland Company, LLC				
Lien Forward Ohio				
Logan Creek LLC				
Mahoning County Prosecuting Attorney				
McCall and Spero Environmental, Inc.				
MCM Services (Maximus Consulting LLC)				
Metro Land Title Agency, Inc.				
Ron's Tree & Lawn Service, Inc.				
SAFECO Environmental, Inc.				
Safeguard Title Agency				
Siegel Excavating LLC				
SKW Prep, LLC				
Sly's Landscaping				
Steve Biroshak				

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor
Mahoning (continued)	Mahoning County Land Reutilization Corp (continued)	Triple-Diamond Trucking & Excavating, LLC
		Upscale Landscaping & Lawn Maintenance Inc.
		Western Reserve Title & Escrow Inc.
		White Inc. Associates
		Youngstown Neighborhood Development
Montgomery	Montgomery County Land Reutilization Corp	Bladecutters Lawn Service, Inc.
		Central Insulation Systems
		Charles Jergens Construction
		Chicago Title Company, LLC
		City of Dayton
		Coolidge Wall Co
		CountyCorp
		Hart Environmental Resources
		Montgomery County Clerk of Courts
		Ohio Technical Service, Inc.
		Rainbow Home Environmental Services
		Sierra Environmental Group, Inc.
		Tall View Palladium Inc.
		The Evans Group
		Turn-Key Environmental Consultants, Inc.
Portage	Portage County Land Reutilization Corporation	Butcher and Sons Excavating
		Diamond Environmental
		Neighborhood Development Services, Inc.
		Woodford Excavating LLC
		Accurate Key & Lock Service
Richland	Richland County Land Reutilization Corp	Certified Environmental, Inc.
		Chem-Tech Consultants, Inc.
		H & T Demolition
		Lowe's Home Centers, LLC
		Ours Excavating
		Page Excavating, Inc.
		Rex's Landscaping & Construction, LLC.
		Richland County Habitat for Humanity
		Southern Title of Ohio, Ltd.
		Wallace Turf Care
		Al's General Building Contractor, LLC
Stark	Stark County Land Reutilization Corp	american title associates agency., Inc
		Analytical Services
		AWI, Inc.
		Bertolini Trucking
		Boswell Concrete, Inc.
		Campbell Excavating
		Cardinal Environmental Services, Inc.
		City of Canton
		Cottrill Wrecking
		CRS General Contracting
		Cutler Homes
		Danmar Services
		DCV Construction

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor
		DDH Construction
		Emerald Environmental, Inc.
		FER Title Agency, LLC
		HEPA Environmental Services Inc.
		Heritage Union Title
		Howland Company, LLC
		John D. Ferrero
		L & L General Contractors
		Moore Title Group
		Paramount Inc.
Stark (continued)	Stark County Land Reutilization Corp (continued)	Phillip Schandel
		PS Construction
		Quality Care Construction
		SAG Construction
		Stark County Clerk of Courts
		Steve Martin Construction
		T & L Pest Control
		The Dell Group, Inc.
		The Press News
		Title One Agency, Inc.
		Urban Green Solutions
		AC Lawncare & Landscaping
		Akron Legal News
		Assured Abatement Removal
		Butcher and Son, Inc.
		Cardinal Environmental Services, Inc.
		CLB Services LLC
		Development Finance Authority of Summit County
		Diamond Environmental
		Diamond Services, Inc.
		Emerald Environmental, Inc.
		First Security Title Corporation
		Foresight EHS
		GCS Industrial Services, Ltd
		Habitat for Humanity of Summit County
		HEPA Environmental Services Inc.
Summit	Summit County Land Reutilization Corp	Howland Company, LLC
		HzW Environmental Consultants LLC
		Jim Gangle Bulldozing & Excavating Co Inc
		M & R Industries, Inc.
		Mark Hostetler Masonry Contractor
		Minnesota Insured Title
		Obsidian Environmental Corp
		Partners Environmental Consulting Inc.
		Perkins Lawn Maintenance
		Quality Landscape Services
		Ray Bertolini Trucking Co
		SafeAir Contractors
		Summit County Clerk of Courts
		Taylor Companies of Ohio
		The Dell Group, Inc.
		Titanium Title Agency, LLC

Continues on next page

OHIO HHF BLIGHT ELIMINATION - KNOWN CONTRACTORS AS OF 6/30/2017 (continued)

County	Partner	Contractor
Summit (continued)	Summit (continued)	TRW Construction LLC
		Zollinger Sand & Gravel Co
		ABS Environmental, Inc.
		Bauman Land Title Agency, Inc.
		Diamond Environmental
		Harrington House & Gardens
		Hoffman & Walker Co. LPA
		Holton Inc
		Howland Company, LLC
		HzW Environmental Consultants LLC
		Jireh Properties, LTD
		M & R Industries, Inc.
		Schubert Title Agency, Inc.
		South Park Title Agency, Inc.
		The Title Company of Warren
		Trumbull County Legal News
		Valley Title & Escrow Agency, Inc.
Jireh Properties, LTD		
M & R Industries, Inc.		
Schubert Title Agency, Inc.		
South Park Title Agency, Inc.		
The Title Company of Warren		
Trumbull County Legal News		
Valley Title & Escrow Agency, Inc.		
Trumbull	Trumbull County Land Reutilization Corp	

Ohio Homeowner Assistance LLC.

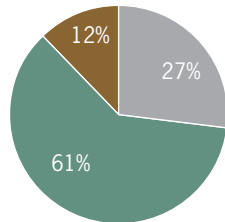
b Ohio HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

HHF in Oregon

The Oregon state agency has been paid \$40.5 million in TARP. There can be improvements. For example:²¹

- HHF Oregon has only provided assistance to 42% of people who applied for help, 12,763 out of 30,276.
- 14,461 of the homeowners seeking help from HHF in Oregon have had their application withdrawn – 48% of all applications, which raises questions about the state agency’s process.
- Oregon has spent \$40.5 million on administrative expenses which accounts for 16% of all the state’s HHF spending, higher than the national average of 11%.
- The Oregon state agency spent \$165,995 in HHF funds on unnecessary expenses, including: \$430 on restaurant lunches with Treasury employees, including coffee pastries and desserts, and twice for lunch for their staff to celebrate after Treasury’s audit, \$84,256 spent to settle a former employee’s wrong termination litigation and the legal claims of two other terminated employees, \$79,742 spent on unemployment payments to former employees, \$1,567 on food and beverages, including lunch at Newport Seafood Grill with Bank of America staff.

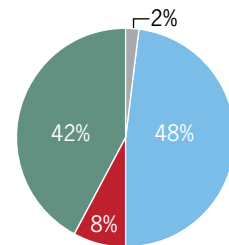
FIGURE 4.32
HARDEST HIT FUND – USE OF FUNDS IN OREGON, AS OF 6/30/2017



- State Agency Administrative Expenses (\$40,536,380)
- Unemployment Bridge and Related Assistance (\$215,479,529)
- Unspent (\$95,530,607)
Unemployment and Related (\$78,386,206)
Admin Expenses (\$17,144,401)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.33
STATUS OF OREGON HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (12,763)
- Homeowners Denied (2,552)
- Homeowners with Withdrawn Applications (14,461)
- Homeowners In Process (500)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

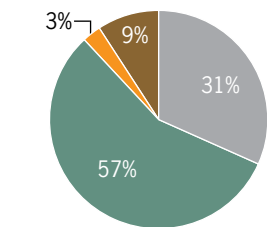
HHF in Rhode Island

The Rhode Island state agency has been paid \$11 million in TARP.²¹

- HHF Rhode Island has helped 3,129 Rhode Island homeowners and closed its initial HHF program after only two years.
- 36% of homeowners seeking help from HHF Rhode Island were either denied assistance or withdrew their application for assistance.
- The state agency has provided assistance to 192 of first-time homebuyers who applied for HHF down payment assistance, paying up to \$7,500 each.
- Rhode Island has spent \$11 million on administrative expenses which accounts for 14% of all the state’s HHF spending, higher than the national average of 11%.
- The Rhode Island state agency spent \$1,238,228 in HHF funds on unnecessary expenses, including: \$1,031,310 spent for the full cost -- despite the centers use for non-HHF programs -- to build out a new customer center with a new kitchen and furniture, backdated ‘storage’ costs in the agency’s own building while HHF was closed, \$114,596 on a monthly \$105 payment to each employee to defray parking and transportation costs, \$14,994 on severance to former employees, \$75,703 on unemployment payments to former employees, \$1,625 on food and beverages, including at meetings with lenders and trainings with counselors.

FIGURE 4.34

HARDEST HIT FUND – USE OF FUNDS IN RHODE ISLAND, AS OF 6/30/2017

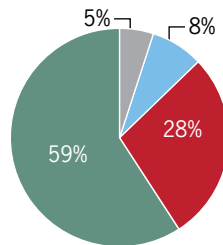


- State Agency Administrative Expenses (\$10,997,152)
- Homebuyer Assistance (\$3,649,000)
- Unemployment Bridge and Related Assistance (\$66,389,421)
- Unspent (\$36,613,252)
 - Homebuyer Assistance (\$1,051,877)
 - Unemployment and Related (\$29,146,567)
 - Admin Expenses (\$6,414,808)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.35

STATUS OF RHODE ISLAND HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Workers Helped (3,376)
- Workers Denied (1,631)
- Workers with Withdrawn Applications (446)
- Workers In Process (273)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

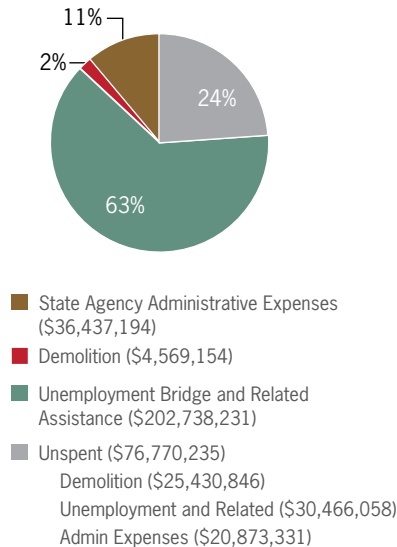
HHF in South Carolina

The South Carolina state agency, which has been paid \$36.4 million in TARP, appears heavily focused on demolition. For example:²¹

- HHF in South Carolina has helped 12,369 homeowners, less than half of the homeowners who applied.
- A third of homeowners seeking assistance from HHF South Carolina were denied help.
- 21% of homeowners seeking help withdrew their application or saw their application withdrawn.
- South Carolina has spent \$36.4 million on administrative expenses which accounts for 15% of all the state’s HHF spending, higher than the national average of 11%.
- The South Carolina state agency spent \$49,402 in HHF funds on unnecessary expenses, including: \$20,627 spent on an executive’s use of a car for more than four years, \$12,735 for food and beverages at annual meetings with legislative staff and at training events, \$16,040 on employee bonuses.

FIGURE 4.36

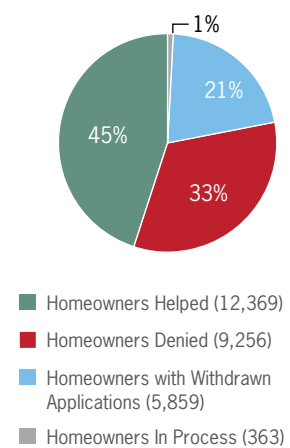
HARDEST HIT FUND – USE OF FUNDS IN SOUTH CAROLINA, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.37

STATUS OF SOUTH CAROLINA HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP-Funded Demolition

In more than two years, the South Carolina state agency has only demolished 193 abandoned houses, using \$4.5 million out of \$30 million.²¹

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA AS OF 6/30/2017

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Aiken County	Nehemiah Community Revitalization Corp.			
	Second Baptist CDC	\$208,730		7
Allendale County	Allendale County Alive			
	Southeastern Housing Foundation			
Anderson	Nehemiah Community Revitalization Corp.	\$20,071	1	1
Anderson County	Anderson Community Development Corp.			
	Pelzer Heritage Commission			
Bamberg County	Southeastern Housing Foundation (Bamberg Co.)	\$42,726		2
Blackwell	Blackville CDC			
	Southeastern Housing Foundation	\$44,483		2
Buffalo	Catawba Regional Development Corporation	\$14,088	1	1
Camden	Santee-Lynches Regional Development Corp.	\$154,610	3	6
Charleston County	Allen Temple Community Economic Development Corp.			
	Genesis Homes			
	Habitat for Humanity of Greenville County			
	Metanoia			
	Nehemiah Community Revitalization Corp.			
	Neighborhood Housing Corporation of Greenville, Inc.			
	PASTORS, Inc.			
Cheraw	Town of Cheraw Community Development Corp.	\$431,158	2	23
Chester	Catawba Regional Development Corporation	\$191,431	7	7
Columbia	Columbia Development Corporation	\$88,561	1	3
	Eau Claire Development Corporation	\$31,473		1
Darlington County	Darlington County Habitat for Humanity			
Denmark	Southeastern Housing Foundation			1
Great Falls	Catawba Regional Development Corporation	\$35,000	1	1
	Genesis Homes	\$270,246		8
Greenville	Habitat for Humanity of Greenville County	\$13,720		1
	Homes of Hope, Inc.	\$100,442		3
	Nehemiah Community Revitalization Corp.	\$126,234	1	4
	Neighborhood Housing Corporation of Greenville, Inc.	\$121,660	3	4
	United Housing Connections	\$34,121		1
	Greenville County	Greenville Revitalization Corporation		
Greenwood County	United Housing Connections			
	Greenwood Area Habitat for Humanity			
Hampton County	Southeastern Housing Foundation			
Health Springs	Catawba Regional Development Corporation	\$45,936	2	2

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA AS OF 6/30/2017 (continued)

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Horry County	Grand Strand Housing & CDC			
	Habitat for Humanity of Horry County			
	Myrtle Beach Community Land Trust			
Jonesville	Catawba Regional Development Corporation	\$40,042	2	2
Kershaw	Catawba Regional Development Corporation	\$25,544	1	1
Lancaster	Catawba Regional Development Corporation	\$683,681	11	26
Laurens County	Genesis Homes, Inc			
Lockhart	Catawba Regional Development Corporation	\$18,606	1	1
Rock Hill	Housing Development Corporation of Rock Hill	\$192,844		8
Sharon	Catawba Regional Development Corporation	\$17,594	1	1
Spartanburg	Habitat for Humanity	\$36,055		2
	Homes of Hope	\$45,042	2	2
	Nehemiah Community Revitalization Corp.	\$522,394	5	24
	Regenesis Community Development Corporation	\$117,239		6
Spartanburg County	Northside Development Group			
	Upstate Housing Partnership			
Sumter County	Santee-Lynches Regional Development Corp		0	0
Union County	Not Available		0	0
York County	Catawba Regional Development Corp.		1	8
Grand Total		\$4,544,212	57	193

^a SC Housing Corp.

^b South Carolina HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts or demolition counts may differ from Treasury quarterly performance reports.

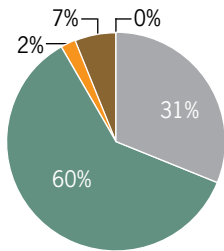
HHF in Tennessee

The Tennessee state agency has been paid almost \$20.2 million in TARP. For example:²¹

- In 6 years, HHF has helped 7,849 Tennessee homeowners.
- The state agency helped only 58% of the 13,500 homeowners it originally estimated helping.
- The Tennessee state agency has demolished 11 blighted properties.
- The Tennessee state agency spent \$5,985 in HHF funds on unnecessary expenses, including: \$5,558 spent on unemployment benefits, \$427 on food and beverages during a training.

FIGURE 4.38

HARDEST HIT FUND – USE OF FUNDS IN TENNESSEE, AS OF 6/30/2017

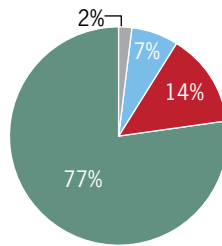


- State Agency Administrative Expenses (\$20,208,884)
- Homebuyer Assistance (\$7,410,000)
- Demolition (\$163,246)
- Unemployment Bridge and Related Assistance (\$182,456,898)
- Unspent (\$95,329,348)
 - Homebuyer Assistance (\$52,590,000)
 - Demolition (\$9,836,754)
 - Unemployment and Related (\$17,520,879)
 - Admin Expenses (\$15,381,715)

Source: Treasury, response to SIGTARP data call, 10/5/2017

FIGURE 4.39

STATUS OF TENNESSEE HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (7,849)
- Homeowners Denied (1,419)
- Homeowners with Withdrawn Applications (715)
- Homeowners In Process (254)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN TENNESSEE AS OF 6/30/2017

City/County	Partner^a	Disbursements to Partners, Program to Date^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Anderson County	Oak Ridge Land Bank			
Hamilton County	Chattanooga Neighborhood Enterprise	\$14,975		1
Madison County	Community Re-development Agency of Jackson			
Memphis	Jacobs Ladder CDC	\$80,443		4
	United Housing, Inc.	\$69,003		6
Shelby County	Healthy Transitions Development Group, Inc.			
	Neighborhood Preservation Inc.			
Grand Total		\$164,421		11

^a Tennessee Housing Development Agency.

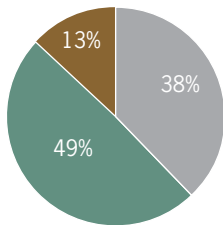
^b Tennessee HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

HHF in Washington, DC

The District of Columbia state agency has been paid \$3.8 million in TARP. HHF DC has helped 767 homeowners, 38% of TARP dollars (\$11.2 million) have not been spent.²¹

- Washington, DC has spent \$3.8 million on administrative expenses which accounts for 21% of all the state’s HHF spending, higher than the national average of 11%.
- The Washington, DC, state agency spent \$259,017 in HHF funds on unnecessary expenses, including: \$258,333 spent to prepay for five years of avoidable online storage access and data two years after the HHF program was closed to homeowner applications, \$202 for a continental breakfast with Treasury employees, \$482 on breakfast and snacks during a training.

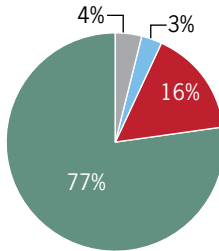
FIGURE 4.40
HARDEST HIT FUND – USE OF FUNDS IN WASHINGTON, DC, AS OF 6/30/2017



- State Agency Administrative Expenses (\$3,833,111)
- Unemployment Bridge and Related Assistance (\$14,712,188)
- Unspent (\$11,161,733)
Unemployment and Related (\$9,226,736)
Admin Expenses (\$1,934,997)

Source: Treasury, response to SIGTARP data call, 10/5/2017.

FIGURE 4.41
STATUS OF WASHINGTON, DC, HOMEOWNERS THAT APPLIED TO HHF, AS OF 6/30/2017



- Homeowners Helped (767)
- Homeowners Denied (158)
- Homeowners with Withdrawn Applications (27)
- Homeowners In Process (43)

Source: Treasury, response to SIGTARP data call, 10/5/2017; Treasury, HFA Aggregate Report Q2 2017.

1. Treasury, *Transactions Report*, 10/4/2017, <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Investment-Program-Transaction-Reports.aspx> accessed 10/20/2017. Treasury, response to SIGTARP data call, 10/5/2017
2. Public Law 101-73, August 9, 1989, <https://www.gpo.gov/fdsys/pkg/STATUTE-103/pdf/STATUTE-103-Pg183.pdf> accessed 10/20/2017.
3. Department of Justice, Press Release: “Goldman Sachs Agrees to Pay More than \$5 Billion in Connection with Its Sale of Residential Mortgage Backed Securities.” April 11, 2016, <https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-connection-its-sale-residentialmortgage-backed>, accessed 10/20/2017.
4. Department of Justice, Press Release: “Morgan Stanley Agrees to Pay \$2.6 Billion Penalty in Connection with Its Sale of Residential Mortgage Backed Securities.” February 11, 2016, <https://www.justice.gov/opa/pr/morgan-stanley-agrees-pay-26-billion-penalty-connection-its-saleresidential-mortgage-backed>, accessed 10/20/2017.
5. Department of Justice, Press Release: “Ally Financial Agrees to Pay \$52 Million to Resolve Investigation into Improper Conduct Related to Issuance of Mortgage-Backed Securities.” November 21, 2016, <https://www.justice.gov/usao-cdca/pr/ally-financial-agrees-pay-52-million-resolve-investigation-improper-conduct-related>, accessed 10/20/2017.
6. SIGTARP analysis of Treasury HAMP data.
7. Treasury, response to SIGTARP data call, 10/5/2017; SIGTARP analysis of Treasury HAMP data.
8. Treasury, “60+ Day Survey – Dispositions – August 2017”, accessed 10/20/2017.
9. SIGTARP review of Treasury’s Making Home Affordable Compliance examinations.
10. Unless otherwise noted, all servicer misconduct and non-compliance for all servicers was identified via SIGTARP review of Treasury’s Making Home Affordable Compliance examinations.
11. Consumer Financial Protection Bureau, “CFPB, State Authorities Order Ocwen to Provide \$2 Billion in Relief to Homeowners for Servicing Wrongs”, 12/19/2013, <http://www.consumerfinance.gov/about-us/newsroom/cfpb-state-authorities-order-ocwen-to-provide-2-billion-in-relief-to-homeowners-for-servicing-wrongs/>, accessed 10/20/2017; Consumer Financial Protection Bureau, “CFPB Sues Ocwen for Failing Borrowers Throughout Mortgage Servicing Process”, 4/20/2017, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-ocwen-failing-borrowers-throughout-mortgage-servicing-process/> accessed 10/20/2017.
12. Treasury, response to SIGTARP data call, 10/5/2017; SIGTARP analysis of Treasury HAMP data; Treasury, “60+ Day Survey – Dispositions – August 2017”, accessed 10/20/2017.
13. Treasury, Aggregate Cap Monitoring Report – September 2017; Treasury, SIGTARP analysis of Treasury HAMP data.
14. Treasury, “Making Home Affordable Program Handbook for Servicers of Non-GSE Mortgages, Version 5.1,” 5/26/2016, https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_51.pdf, accessed 10/20/2017.
15. Department of Justice Press Release: “Federal Government and State Attorneys General Reach \$25 Billion Agreement with Five Largest Mortgage Servicers to Address Mortgage Loan Servicing and Foreclosure Abuses”, <https://www.justice.gov/opa/pr/federal-government-and-state-attorneys-general-reach-25-billion-agreement-five-largest>, accessed 10/20/2017.
16. Department of Justice, Press Release: “SunTrust Mortgage Agrees to \$320 Million Settlement” July 3, 2014, <https://www.justice.gov/opa/pr/suntrust-mortgage-agrees-320-million-settlement>, accessed 10/20/2017.
17. Treasury, TARP Housing Transactions Reports, 9/28/2017, <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Housing-Transaction-Reports.aspx>, accessed 10/20/2017.
18. SIGTARP analysis of Hardest Hit Fund Quarterly Financial Reports obtained via Treasury data call response on 10/5/2017.
19. Treasury, response to SIGTARP data call 10/5/2017; Treasury, “HFA Aggregate Quarterly Report,” <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 10/5/2017.
20. SIGTARP analysis of Treasury’s Hardest Hit Fund Quarterly Performance Reports accessed at <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed on 10/20/2017. Treasury, response to SIGTARP data call, 10/5/2017.
21. Unless otherwise noted, sources for SIGTARP’s HHF state level analysis are: HHF quarterly performance and quarterly financial reports for the quarter ended 3/31/2017, obtained from Treasury via 10/5/2017 data call; Bureau of Labor Statistics, STATE EMPLOYMENT AND UNEMPLOYMENT — August 2017, <https://www.bls.gov/news.release/pdf/laus.pdf>, accessed 7/18/2017; SIGTARP analysis of CoreLogic data; SIGTARP analysis of HHF Participation Agreement amendments obtained from Treasury “Hardest Hit Fund – Additional Program Information” website @ <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/Archival-information.aspx?Program=Hardest+Hit+Fund>, accessed 7/13/2017 and Treasury “Hardest Hit Fund – Current Program Documents” website @ <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed 7/13/2017; SIGTARP, Audit Report: “Unnecessary Expenses Charged to the Hardest Hit Fund”, August 25, 2017, https://www.sig tarp.gov/Audit%20Reports/Unnecessary_Expenses_Audit_8.25.17.pdf, accessed 10/20/2017;

Criminal Law Enforcement Agency

Prevent Fraud, Identify Waste,
Abuse, and Cost Savings

SIGTARP



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