As of July 12, 2019 | Convictions include four vacated due to death or cooperation | Charges are not evidence of guilt | Many defendants await trial and sentencing

Return on investment based on SIGTARP’s annual budget 2010 – 2019
This report details the billions spent each year in TARP, including in the Home Affordable Modification Program (HAMP) and the Hardest Hit Fund (HHF). Through the first quarter of 2024, Treasury has committed to provide hundreds of millions each to Ocwen, Wells Fargo, JP Morgan Chase, Bank of America, Nationstar, and Select Portfolio Servicing. Other servicers will collectively receive hundreds of millions more. Millions will also be paid to more than 1,500 demolition contractors and others in the HHF program.

Crime, fraud, waste, and abuse threaten the important goals of TARP programs. At SIGTARP, we root out, stop, and mitigate these threats through investigations and audits. The most serious challenges and threats in TARP set our priorities. We are selective in our investigations and audits, prioritizing those that will have the most impact.

Acting as a protector of taxpayers and the Government, and an enforcer of the law, SIGTARP special agents and investigators uncover crimes, and search, seize, and arrest. We support the Justice Department in prosecuting those we investigate: courts have convicted 369 defendants — a 96 percent conviction rate. To date, courts have sentenced 283 defendants to prison, including 74 bankers. Our nation’s criminal justice system takes time, with SIGTARP investigations leading to indictments, trials, convictions, and sentencings that occur years after Treasury disbursed TARP dollars.

SIGTARP auditors act to protect taxpayers and the Government by preventing fraud, and identifying waste, abuse, mismanagement, inefficiency, and cost savings. We mitigate risk in TARP programs by leveraging our experience in best practices and our expertise in TARP.

Our work often has systemic impact. Our work has made the banking industry safer through courts sentencing to prison bankers for crime that hurt banks. Our work has made the securities industry safer through corporate changes and deterrence. We have made the automotive industry safer through increased safety recalls for defective auto parts. We also brought more competition for TARP dollars, removed impediments to homeowners obtaining assistance, protected homeowners from con artists seeking to steal their mortgage payments, increased safety to communities from demolitions, stopped wasteful state agency extravagances, increased transparency for TARP, and saved billions of dollars for taxpayers.

With a 31 times return on investment (of actual dollars recovered), SIGTARP is a good investment. Every year, we recover millions of dollars for the government and other victims. In fiscal year 2019 alone, the Government and other victims recovered $805 million from SIGTARP’s work, compared to our budget of $23 million. In total, more than $10 billion has been recovered. We will report on more specifics results in our semi-annual report, and would welcome a chance to speak with you.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General

1. The Emergency Economic Stabilization Act requires quarterly reporting to Congress on the status of TARP.
SIGTARP investigations have led to enforcement actions against TWENTY-ONE institutions.
SIGTARP AUDITS IDENTIFY FRAUD, WASTE AND ABUSE, AND DETER FUTURE WRONGDOING

RECENT FINDINGS

- **Nevada**'s Hardest Hit Fund wasted $8.2 million on parties, a Mercedes Benz and more.
- $3 million in Hardest Hit Fund squandered by state agencies on parties, gifts, gym memberships, and more.
- Financial Institutions have wrongfully terminated homeowners out of the Home Affordable Modification Program.
- The average cost of TARP demolitions in Michigan and Ohio have skyrocketed.
- **Georgia** mismanaged the state’s Hardest Hit Fund, wasting $18.6 million.
- Blight elimination program faces asbestos exposure, illegal dumping, and contaminated soil risks.
- Most of the Hardest Hit Fund has no federal competition requirements for contract awards.
- South Carolina blight elimination program challenged by hazardous material, quality assurance, and oversight problems.

OPEN AUDITS

Evaluation of blight elimination program in Michigan and demolition activities in Detroit.
The Hardest Hit Fund (HHF) helps Americans pay their mortgages. It also pays to demolish homes and for down payments for homebuyers. $9.0 billion has been spent, including $884.2 million last year. $953.2 million is available to be spent into FY 2022.

- Recipients include -
  - 19 state agencies
  - 378 cities or counties and 503 local partners
  - At least 1,712 demolition contractors
  - Homeowners & homebuyers

The Home Affordable Modification Program (HAMP) pays servicers and investors to lower payments for homeowners at risk of foreclosure.

$20.1 billion has been spent, including $1.6 billion last year. Up to $3.7 billion is available to be spent into FY 2024.

- Recipients include -
  - JPMorgan Chase & Co.
  - Citi Mortgage
  - Bank of America
  - Wells Fargo
  - Ocwen
  - Nationstar
  - SPS Select Portfolio Servicing, Inc.
SIGTARP identifies the most serious 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 victims in addition to Treasury; and Treasury’s progress in mitigating the challenge/threat.

**SIGTARP prioritizes its oversight to counter each of these challenges/threats.**

**Risk of Fraud, Waste, and Abuse by Large Banks and Others in the Making Home Affordable Program (Until Mar. 2024)**

Unlawful conduct by any of the 152 banks or institutions that received $20.1 billion or will continue to receive $3.7 billion in TARP’s MHA program is the top threat in TARP. Treasury will pay up to $3.1 billion to Ocwen, Wells Fargo, JPMorgan Chase, Bank of America, Nationstar, Select Portfolio Servicing, CitiMortgage, OneWest/CIT, Bayview Loan Servicing, and Specialized Loan Servicing along with 131 institutions.

The travel and conferences to HHF. The audit also identified outright waste, including TARP funds spent on luxury hotels, conferences and extravagant dinners and receptions. In 2016 and 2017, SIGTARP identified $11 million in wasteful and unnecessary spending by state housing agencies, including, for example, catered barbecues, parties, country club events, leasing a Mercedes, cash bonuses, gym memberships, gifts, free parking, settlements and legal fees in discrimination cases, other costs not associated with HHF, and more. In March 2018, SIGTARP issued an audit that found that while Treasury anticipates that millions of dollars will be spent on lawyers, accountants, auditors, consultants, information technology, communications, risk management, training, and marketing, it has no Federal requirements for competition.

**Risk of Corruption, Anticompetitive Actions, and Fraud in the Hardest Hit Fund Blight Elimination Program (Until Dec. 2021)**

There is a risk of corruption, anticompetitive acts, and fraud as TARP funds the demolitions of abandoned homes and apartments. The number of municipalities in the program increased to 378 cities or counties. There have already been criminal charges and guilty pleas for corruption in HHF.

**Risk of Asbestos Exposure, Contaminated Soil, and Illegal Dumping in the Hardest Hit Fund Blight Elimination Program (Until Dec. 2021)**

In November 2017, based on the U.S. Army Corps of Engineers’ findings, SIGTARP warned that the standard protections in demolition are not present in the TARP program. The Corps found missing industry standard safeguards that protect against the risk of asbestos exposure, illegal dumping of debris, and contaminated material filling the hole. Treasury did not implement SIGTARP’s recommendations, even to require basic documentation of proper asbestos abatement, certain inspections, landfill receipts for dumping, and receipts showing the purchase of clean dirt.

A new review, issued in July 2019, conducted by the Corps on behalf of SIGTARP found significant risks at
Treasury cannot conduct oversight over contractors and receiving TARP dollars in the program. SIGTARP provide to SIGTARP a complete list of contractors Treasury and the state agencies do not know, and cannot Blight Subprogram and What They Were Paid and Others Doing Work in the Hardest Hit Fund No Complete List or Data Identifying All Contractors properties.

Protection Act authorizes Treasury to use TARP dollars The Economic Growth, Regulatory Relief, and Consumer Claims Act.

Fort Wayne, Indiana was resolved by DOJ under the False contractor for illegal dumping of contaminated soil in municipalities. SIGTARP’s investigation into a demolition Treasury, such as individual contractors, land banks, and rather than heavily relying on others not in contract with HHF programs under contract with Treasury to increase their technical oversight over demolition activity, rather than heavily relying on others not in contract with Treasury, such as individual contractors, land banks, and municipalities. SIGTARP’s investigation into a demolition contractor for illegal dumping of contaminated soil in Fort Wayne, Indiana was resolved by DOJ under the False Claims Act.

The Economic Growth, Regulatory Relief, and Consumer Protection Act authorizes Treasury to use TARP dollars to remediate lead and asbestos hazards in residential properties. TARP may expand even further in this area.

No Complete List or Data Identifying All Contractors and Others Doing Work in the Hardest Hit Fund Blight Subprogram and What They Were Paid Treasury and the state agencies do not know, and cannot provide to SIGTARP a complete list of contractors receiving TARP dollars in the program. SIGTARP and Treasury cannot conduct oversight over contractors and other entities that are unknown. Treasury rejected SIGTARP’s 2015 recommendation to maintain a list and accounting of payments in HHF.

SIGTARP’s proactive analysis has identified 2,215 land banks or other partners, contractors, or subcontractors that have done or are contracted to do work in the program—but given the missing data, we believe the actual numbers may be much higher.

State agency data is incomplete. The data provided by state agencies to SIGTARP also provides limited detail about the $526.1 million that has been spent in the Blight Elimination Program beyond the first-level recipient. As a result there may be hundreds, or perhaps thousands, of additional subcontractors doing work in the program.

Without complete records and accounting, the program and taxpayers are vulnerable.

Risk of Waste from Weakened Oversight by Treasury of State Agencies in the Hardest Hit Fund Starting in October 2018, Treasury allowed state to shift HHF dollars between programs and removed caps on administrative expenses (by the greater of five percent or $50,000). Treasury also decreased oversight in the HHF program in 2018 by reducing OFS personnel charged with providing oversight of the HHF program by 30%.

These Treasury changes increase risk of fraud, waste and abuse because state agencies can move more TARP money to higher risk subprograms. These changes also have weakened Treasury oversight of state administrative spending after SIGTARP has proven waste and misuse of TARP dollars by state agencies. Additionally, GAO found in a December 2018 study that “Treasury is missing an opportunity to ensure that HFAs are appropriately assessing their risk.”

3. SIGTARP analysis of Treasury Hardest Hit Fund Quarterly Financial Reports (various dates), obtained via Treasury response to SIGTARP data calls.

5. SIGTARP analysis of Blight Elimination Program data provided by Housing Finance Agencies participating in the Hardest Hit Fund Program.
TREASURY CONTRACTS FOR TARP DOLLARS TO BE PAID TO HAMP MORTGAGE SERVICERS INTO FY 2024

$5.2 Billion
TARP dollars paid

$922 Million
TARP Obligated or Committed to be paid

$3.2 Billion
TARP dollars paid

$511 Million
TARP Obligated or Committed to be paid

$3.1 Billion
TARP dollars paid

$308 Million
TARP Obligated or Committed to be paid

$2.2 Billion
TARP dollars paid

$213 Million
TARP Obligated or Committed to be paid

$1.5 Billion
TARP dollars paid

$435 Million
TARP Obligated or Committed to be paid

$1.5 Billion
TARP dollars paid

$436 Million
TARP Obligated or Committed to be paid

$745 Million
TARP dollars paid

$81 Million
TARP Obligated or Committed to be paid

$435 Million
TARP dollars paid

$25 Million
TARP Obligated or Committed to be paid

$1.6 Billion
TARP dollars paid

$133 Million
TARP Obligated or Committed to be paid

$20.1 Billion
TARP dollars paid

$517 Billion
TARP Obligated or Committed to be paid

TOTAL

$3.7 Billion
TARP Obligated or Committed to be paid


*A total of 152 institutions have been paid or are eligible to be paid TARP funds through MHA, of which 131 can still receive TARP disbursements subsequent to 3/25/2019.
Below Avg Unemployment and Housing Market Distress

Above Avg Unemployment

Above Avg Housing Market Distress

Above Avg Unemployment and Housing Market Distress


Note 1: There are 3,499 active HAMP modifications in Puerto Rico, the US Virgin Islands, and Guam. These figures are included in the total cited above.

Note 2: National unemployment rate of 3.6% (seasonally adjusted), published in June 2019, used as the “average”.

Note 3: Housing market distress based on the following factors, weighted equally in relation to the number of mortgages outstanding (based on CoreLogic data): 1) completed foreclosure sales within the past 12 months, 2) delinquent mortgages, and 3) properties in negative equity.
### Status of $9.8 Billion in HHF Funds Available to Spend into FY 2022

<table>
<thead>
<tr>
<th>Spent</th>
<th>State</th>
<th>Unspent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$90,415,398.65</td>
<td>Alabama</td>
<td>$73,394,689.68</td>
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<tr>
<td>$279,542,817.75</td>
<td>Arizona</td>
<td>$24,241,041.06</td>
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<tr>
<td>$2,420,792,899.42</td>
<td>California</td>
<td>$59,521,756.57</td>
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<tr>
<td>$22,432,406.35</td>
<td>District of Columbia</td>
<td>$7,440,737.70</td>
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<tr>
<td>$1,139,221,503.11</td>
<td>Florida</td>
<td>$25,530,028.96</td>
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<td>$320,429,168.26</td>
<td>Georgia</td>
<td>$59,250,602.07</td>
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<td>$666,274,196.54</td>
<td>Illinois</td>
<td>$83,894,110.38</td>
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<td>$244,362,141.29</td>
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<td>$47,431,597.86</td>
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<td>$189,461,366.20</td>
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<td>$24,595,823.41</td>
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<tr>
<td>$630,314,278.92</td>
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<td>$145,009,950.66</td>
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<td>$109,018,923.44</td>
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<td>$36,568,000.21</td>
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<td>$666,380,821.31</td>
<td>North Carolina</td>
<td>$77,326,217.04</td>
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<td>$384,840,795.73</td>
<td>New Jersey</td>
<td>$41,032,485.36</td>
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<td>$139,495,521.63</td>
<td>Nevada</td>
<td>$58,687,071.52</td>
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<td>$696,713,489.51</td>
<td>Ohio</td>
<td>$73,908,587.33</td>
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<td>$311,590,713.31</td>
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<td>$109,895,093.52</td>
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<td>$296,459,892.42</td>
<td>South Carolina</td>
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<td>$280,320,606.56</td>
<td>Tennessee</td>
<td>$30,818,911.39</td>
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<td><strong>$8,997,962,033.92</strong></td>
<td><strong>Total</strong></td>
<td><strong>$953,209,474.63</strong></td>
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Note: Unspent figures include an additional $307 million in recycled TARP dollars.

## TREASURY HOLDINGS IN TARP SECURITIES IN CPP AND CDCI BANKS

<table>
<thead>
<tr>
<th>Program</th>
<th>Bank</th>
<th>Principal Investment</th>
<th>Missed Dividends</th>
<th>SIGTARP Investigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Purchase Program (CPP)</strong></td>
<td>One United Bank</td>
<td>$12,063,000</td>
<td>$8,715,518</td>
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<tr>
<td></td>
<td>Harbor Bankshares Corporation</td>
<td>$5,308,193</td>
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<td>CPP Total</td>
<td>$17,371,193</td>
<td>$8,715,518</td>
<td>1</td>
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<tr>
<td><strong>Community Development Capital Initiative (CDCI)</strong></td>
<td>Carver Bancorp, Inc</td>
<td>$18,980,000</td>
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<tr>
<td></td>
<td>Cooperative Center Federal Credit Union</td>
<td>$2,799,000</td>
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<td></td>
<td>D.C. Federal Credit Union</td>
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<td></td>
<td>North Side Community Federal Credit Union</td>
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<td></td>
<td>Buffalo Cooperative Federal Credit Union</td>
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<td>CDCI Total</td>
<td>$22,749,000</td>
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<td>0</td>
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<tr>
<td></td>
<td>Grand Total</td>
<td>$40,120,193</td>
<td>$8,715,518</td>
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The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency and an independent audit watchdog that targets financial institution crime and other fraud, waste, and abuse related to TARP.