

# SIGTARP

SEMIANNUAL REPORT TO CONGRESS  
APRIL 1, 2019 – SEPTEMBER 30, 2019



# LETTER FROM THE SPECIAL INSPECTOR GENERAL



According to the Department of Treasury, TARP's Making Home Affordable (MHA) is terminated and the Hardest Hit Fund (HHF) is nearly concluded. However, SIGTARP reporting based on program data, which Congress required by law to ensure transparency and aid in decision-making, reveals a key truth: spending continues because the programs are continuing. SIGTARP remains on watch.

In Fiscal Year 2019, MHA and HHF had significant operations and spent more than \$1.7 billion. Non-federal entities control program operations and program pace, and these TARP dollars represent sizeable dollars to these entities. While Treasury talks about programs ending, it is actually extending and expanding them, which is a repeated pattern. In FY 2019, it pushed the end date of MHA (HAMP program) until March 2024. And just this month, Treasury increased future blight demolitions by 450. This is in addition to the expected 8,000 future demolitions that state agencies informed SIGTARP about in September.

The pattern of Treasury extending and expanding TARP programs means that TARP has existed much longer than Congress and the American taxpayers expected. Significant TARP activity this year includes:

**Making Home Affordable:** HAMP continues today in “steady state” with nearly 800,000 people receiving mortgage modifications in all 50 states and U.S. territories.<sup>1</sup> Through March 2024, Treasury will pay billions of TARP dollars to more than 120 financial institutions, including Ocwen, Wells Fargo, Bank of America, JP Morgan Chase, Citigroup, and Nationstar. TARP payments are not automatic. The participating institutions make decisions and take actions that must comply with Treasury rules and other laws and regulations – decisions and actions that require oversight and law enforcement.

**The Hardest Hit Fund:** Treasury told us by letter in March 2018 that TARP's Hardest Hit Fund was nearly concluded, pointing to disbursements of 91% of the funds. But disbursing money is not spending money, which is where the risk of fraud, waste, and abuse is greatest.<sup>2</sup> Recent program data tells the real story of significant program operations: 40 programs remain open to applicants in addition to programs that continue to pay assistance to existing participants. So it's actually not surprising that there were more TARP-funded demolitions of blighted houses and apartment buildings this year (8,291) than any past year, and that 58% of all new homebuyers receiving down payment assistance occurred in the last two years. Just this past year, more than 29,000 new borrowers came into the program, and state agencies spent nearly \$60 million on administrative expenses, outreach and counseling. TARP programs will continue. When SIGTARP talked in September to seven state agencies that conduct blight demolitions about their wind down plans, we found that most did not have written plans. Those with written plans included deadlines that had already expired or were moving targets.

<sup>1</sup> Only the MHA application period is terminated, not the program. Treasury reported on November 28, 2016 in a Citizens Report, “Homeowners will be able to apply for MHA assistance through December 30, 2017, and servicers will evaluate applications with the goal of completing the work by December 30, 2017, at which point the program will enter a steady state to pay the incentives on modifications that remain current.”

<sup>2</sup> By analogy, Treasury disbursed 100% of TARP dollars to banks by 2010, but the two TARP bank programs stayed open as long as there were banks in the program, and SIGTARP's subsequent investigations have led to the convictions of 92 bankers, 76 of them sentenced to prison by courts. One of the TARP bank programs remains open today.

## **SIGTARP's Recent Investigations and Audits**

SIGTARP spends 85 percent of its resources on law enforcement, and enforcement always lags program activity. In Fiscal Year 2019, SIGTARP investigations resulted in approximately \$900 million recovered, criminal charges against 13 defendants, 4 arrests, criminal convictions of 18 defendants, courts sentencing 28 defendants to prison, and federal criminal or civil enforcement activity against 3 corporations/organizations.

In the last six months, SIGTARP has opened additional investigations into financial institutions participating in MHA and receiving TARP dollars. We referred some of these confidential investigations to the Department of Justice. We also continue to obtain convictions and sentencing of defendants who defrauded homeowners with false promises of entry into the program, (including some who claimed affiliation with the government), and defendants who defrauded banks (including bank insiders).

In the Hardest Hit Fund, our primary investigative focus is corruption through bribery related to the bidding or awarding of contracts for TARP-funded blight demolition. In the last six months, SIGTARP's bribery investigations have resulted in the conviction and prison sentencing of the Detroit city official in charge of contracts for HHF's blight demolition program. Our investigations also resulted in the conviction for bribery of an official from one of the largest demolition contractors in the Detroit HHF program. We also continue to investigate homeowners who defrauded the program, obtaining criminal charges and convictions. Our recent audits focused on preventing fraud, waste and abuse. One warned Treasury about a lack of fraud controls that led to more than \$437,000 in payments to California homeowners who lost eligibility but continued receiving TARP payments for years.

On a final note, approximately \$900 million recovered from SIGTARP's work this year represents a 39 times annual return on investment from our \$23 million budget. This is not rare for us. Every year, recoveries far exceed our budget. However, we continue to face significant annual budget reductions that substantially impair our ability to fulfill our Congressionally-mandated mission. I appreciate Congress' support for our oversight – oversight that maintains the integrity of TARP, and brings transparency, accountability and justice.

Respectfully,

**CHRISTY GOLDSMITH ROMERO**  
Special Inspector General



# SIGTARP

## SIGTARP CONDUCTS OVERSIGHT OF TARP HOUSING PROGRAMS AT RISK OF FRAUD, WASTE, AND ABUSE *MORE THAN \$1.7 BILLION WAS SPENT IN FY2019*

**The Making Home Affordable (MHA) program** pays servicers and investors to lower payments for homeowners at risk of foreclosure.

\$20.7 billion has been spent, including \$1.12 billion in FY2019. Up to \$2.8 billion is available to be spent into FY2024.

– Recipients include –



**The Hardest Hit Fund (HHF)** helps Americans pay their mortgages. It also pays to demolish homes and for down payments for homebuyers.

Through June FY2019, \$9.19 billion has been spent, including \$574 million in FY2019. \$791 million is available to be spent into FY2022.

– Recipients have included –



19 state agencies



378 cities or counties and 507 local partners



More than 1,700 demolition contractors



Homeowners & homebuyers



# SIGTARP



**430**

Criminally Charged



**373**

Convicted



**291**

Sentenced to Prison

Including

**93**

Homeowner Scammers



**85**

Bank Borrowers



**76**

Bankers



**\$11 Billion =**

Recovered from Investigations

**31x**

Return on Investment



# SIGTARP

SIGTARP investigations have led to enforcement actions against

# TWENTY FOUR

institutions



JPMORGAN  
CHASE & CO.

Morgan Stanley



ally



Deloitte.

MARTIN

NOMURA





# SIGTARP

FISCAL YEAR 2019  
BY THE NUMBERS

INVESTIGATIONS

<b>Investigative Recoveries</b>	<b>\$899.2 Million</b>
<b>Indictments/Informations</b>	<b>13</b>
<b>Arrests</b>	<b>4</b>
<b>Convictions</b>	<b>18</b>
<b>Sentenced to Prison</b>	<b>28</b>
<b>Prosecutorial Referrals</b>	<b>26</b>
• Justice Department Referrals	<b>24</b>
• State and Local Referrals	<b>2</b>
• Prosecutor Declinations	<b>4</b>
<b>Hotline Complaints</b>	<b>63</b>

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

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Our top law enforcement priority is unlawful conduct by any of the more than 150 banks and other financial institutions who Treasury has already paid billions or millions of TARP dollars in HAMP. This critical law enforcement is necessary to bring justice and safeguard the approximately \$2.8 billion Treasury is committed or obligated to pay in the future.

-Special Inspector General Goldsmith Romero

SIGTARP currently has open confidential investigations into financial institutions participating in the \$23 billion MHA and HAMP programs. SIGTARP is actively working with the U.S. Attorney Offices and the Department of Justice in Washington, D.C. on these investigations. SIGTARP is not able to share information about these investigations with Congress until information becomes public.

## TARP SPENDING IN THE MAKING HOME AFFORDABLE PROGRAM

SIGTARP  
Investigations  
and Audits

Future  
SIGTARP  
Investigations  
and Audits

<b>\$5.3 Billion</b> <i>TARP dollars paid</i>		<b>\$675 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$3.3 Billion</b> <i>TARP dollars paid</i>		<b>\$359 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$3.2 Billion</b> <i>TARP dollars paid</i>		<b>\$218 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$2.2 Billion</b> <i>TARP dollars paid</i>		<b>\$152 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$1.6 Billion</b> <i>TARP dollars paid</i>		<b>\$338 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$1.5 Billion</b> <i>TARP dollars paid</i>		<b>\$340 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$757 Million</b> <i>TARP dollars paid</i>		<b>\$69 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$438 Million</b> <i>TARP dollars paid</i>		<b>\$22 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$360 Million</b> <i>TARP dollars paid</i>		<b>\$68 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$345 Million</b> <i>TARP dollars paid</i>		<b>\$107 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$1.7 Billion</b> <i>TARP dollars paid</i>	Other Servicers (144 Institutions)*	<b>\$457 Million</b> <i>TARP Obligated or Committed to be paid</i>
<b>\$20.7 Billion</b> <i>TARP dollars paid</i>	<b>TOTAL</b>	<b>\$2.8 Billion</b> <i>TARP Obligated or Committed to be paid</i>

Source: SIGTARP's September 23, 2019 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitoring Report -September 2019; SIGTARP analysis of Treasury MHA data. A total of 154 institutions have been paid or Treasury is committed or obligated to pay future TARP funds through MHA, of which 127 will still receive TARP disbursements subsequent to 9/27/2019.

## FY2019 MHA SPENDING: \$1.12 BILLION IN TARP TO 74 FINANCIAL INSTITUTIONS

1	Ocwen Loan Servicing, LLC	\$289,881,530
2	Select Portfolio Servicing, Inc.	\$155,202,082
3	Wells Fargo Bank, N.A.	\$131,511,964
4	Nationstar Mortgage, LLC	\$128,888,273
5	JPMorgan Chase Bank, N.A.	\$101,128,327
6	Bank of America, N.A.	\$59,368,348
7	Specialized Loan Servicing LLC	\$57,959,210
8	MidFirst Bank	\$34,095,956
9	Carrington Mortgage Services, LLC	\$30,774,389
10	CitiMortgage, Inc.	\$19,042,760
11	Rushmore Loan Management Services LLC	\$17,685,143
12	Bayview Loan Servicing LLC	\$15,820,674
13	NewRez LLC D/B/A Shellpoint Mortgage Servicing	\$14,432,960
14	Ditech Financial LLC	\$14,140,467
15	Fay Servicing, LLC	\$11,164,407
16	U.S. Bank National Association	\$8,777,892
17	National City Bank	\$5,258,483
18	CIT Bank, N.A.	\$5,134,357
19	M&T Bank	\$2,763,469
20	Selene Finance LP	\$2,547,731
21	PennyMac Loan Services, LLC	\$2,140,064
22	Gregory Funding LLC	\$1,528,825
23	Banco Popular de Puerto Rico	\$1,323,256
24	Planet Home Lending, LLC	\$1,077,010
25	Navy Federal Credit Union	\$1,045,404
26	21st Mortgage Corporation	\$958,829
27	Citizens Bank, N.A.	\$595,693
28	Servis One, Inc. dba BSI Financial Services	\$529,219
29	SN Servicing Corporation	\$529,034
30	Flagstar Capital Markets Corporation	\$411,127
31	Caliber Home Loans, Inc.	\$397,476
32	Apex Bank	\$187,668
33	FNF Servicing, Inc.	\$184,801
34	PNC Bank, National Association	\$174,050
35	RoundPoint Mortgage Servicing Corporation	\$121,285
36	The Golden 1 Credit Union	\$114,245
37	Mortgage Center LLC	\$103,714

Source: SIGTARP's September 23, 2019 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitoring Report -September 2019

**SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM  
SEMIANNUAL REPORT TO CONGRESS | APRIL 1, 2019 – SEPTEMBER 30, 2019**

38	Kondaur Capital Corporation	\$103,107
39	Addition Federal Credit Union	\$81,065
40	James B.Nutter and Company	\$71,387
41	Maryland Community Development Administration	\$65,415
42	Umpqua Bank	\$63,115
43	FCI Lender Services, Inc.	\$49,239
44	OFG Bancorp	\$46,385
45	First Bank	\$44,582
46	Statebridge Company, LLC	\$38,354
47	BMO Harris Bank, N.A.	\$36,298
48	Matrix Financial Services Corp.	\$31,526
49	Mission Federal Credit Union	\$29,988
50	BB&T	\$25,837
51	Greater Nevada LLC, dba Greater Nevada Mortgage	\$24,725
52	OwnersChoice Funding, Inc.	\$23,469
53	KeyBank National Association	\$20,000
54	ORNL Federal Credit Union	\$15,948
55	Lake City Bank	\$15,000
56	Idaho Housing and Finance Association	\$15,000
57	Guardian Mortgage Company, Inc.	\$14,710
58	Fidelity Bank	\$14,587
59	BankUnited, N.A.	\$14,487
60	Santander Bank, N.A.	\$13,645
61	California Housing Finance Agency	\$12,285
62	Pathfinder Bank	\$11,856
63	Columbia Bank	\$10,674
64	Technology Credit Union	\$10,286
65	SunTrust Bank	\$10,000
66	United Bank Mortgage Corporation	\$10,000
67	Great Lakes Credit Union	\$9,798
68	Los Alamos National Bank	\$5,141
69	Desjardins Bank	\$5,000
70	Hillsdale County National Bank	\$5,000
71	IC Federal Credit Union	\$5,000
72	Florida Community Bank, N.A.	\$5,000
73	DuPage Credit Union	\$2,174
74	New Jersey Housing and Mortgage Finance Agency	\$167
<b>TARP \$ Spent in FY2019</b>		<b>\$1,117,934,532</b>

Source: SIGTARP's September 23, 2019 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitoring Report -September 2019

## 80 FINANCIAL INSTITUTIONS THAT PREVIOUSLY RECEIVED TARP DOLLARS IN MHA

Allstate Mortgage Loans & Investments, Inc	First State Bank	Mainsource Bank	Schools Financial Credit Union
Ameriana Bank	Franklin Credit Management Corporation	Marix Servicing LLC	Scotiabank de Puerto Rico
Aurora Financial Group, Inc	Franklin Savings	Marsh Associates, Inc.	Seneca Mortgage Servicing LLC
Axiom Bank	Freedom Mortgage Corporation	Midwest Community Bank	ShoreBank
Banner Bank	Georgia Housing & Finance Authority DBA State Home Mortgage	Mortgage Investors Group	Silver State Schools Credit Union
Bridglock Capital dba Peak Loan Servicing	Glass City Federal Credit Union	Nationwide Advantage Mortgage Company	Sortis Financial, Inc.
Centlar FSB	Guaranty Bank	New York Community Bank	Sterling Savings Bank
Central Pacific Bank	Heartland Bank & Trust Company	Noble Federal Credit Union	Stockman Bank of Montana
Cheviot Savings Bank	Home Servicing, LLC	North American Savings Bank	The Bryn Mawr Trust Co
Citizens First National Bank	HomeStar Bank and Financial Services	Oakland Municipal Credit Union	TIAA FSB
Colorado Federal Savings Bank	Horicon Bank	Park View Federal Savings Bank	Unify Financial Federal Credit Union
Community Credit Union of Florida	Iberiabank	Plaza Home Mortgage, Inc	United Bank
Credit Union Mortgage Association, Inc.	IBM Southeast Employees' Credit Union	Purdue Federal Credit Union	Urban Partnership Bank
Eastern Bank	Investors Bank	Quantum Servicing Corporation	Wallick and Volk
First Citizens Bank & Trust Company	iServe Residential Lending, LLC	Quicken Loans, Inc.	Webster Bank, N.A.
First Financial Bank N.A.	Lake National Bank	Residential Credit Solutions, Inc.	Webster First Federal Credit Union
First Keystone Bank	Land/Home Financial Services, Inc.	Resurgent Capital Services L.P.	Wesbanco Bank Inc.
First Merchants Bank	LegacyTexas Bank	RG Mortgage	Wescom Central Credit Union
First Mortgage Corporation	LenderLive Network, Inc	Rockland Trust Company	Yadkin Valley Bank
First National Bank of Pennsylvania		Saxon Mortgage Services Inc	ZB, N.A.

Source: SIGTARP's September 23, 2019 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitoring Report - September 2019

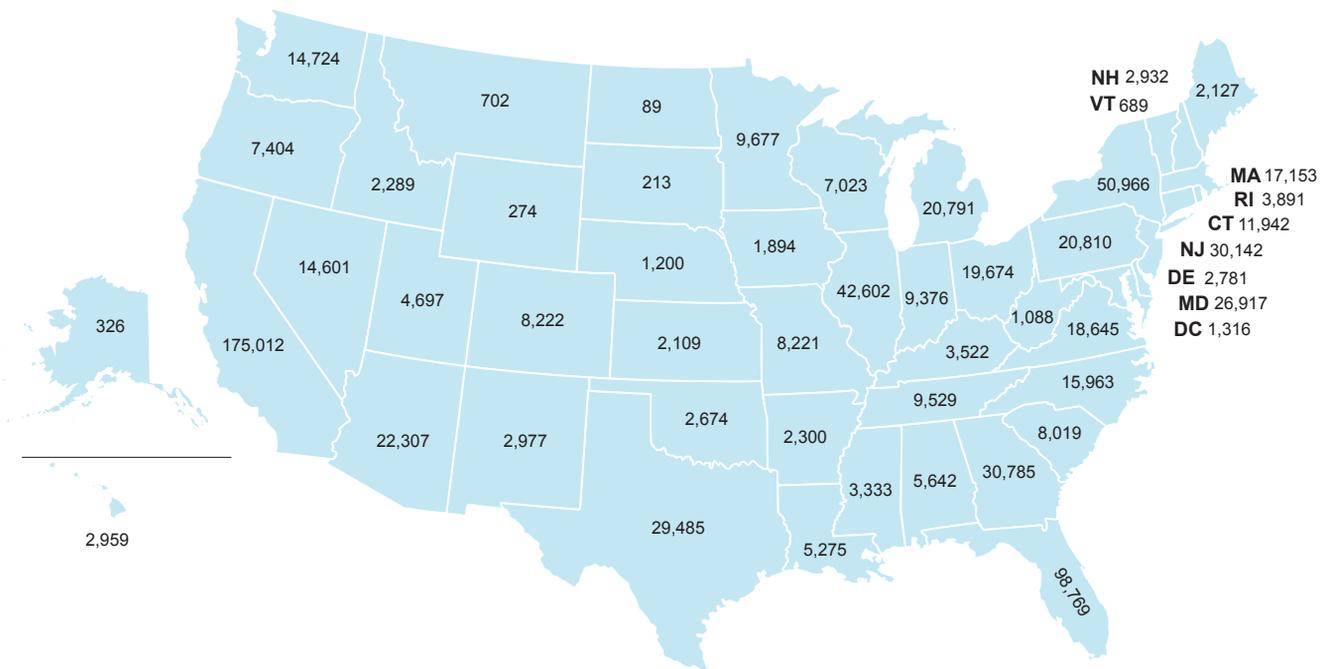
## SPECIAL INSPECTOR GENERAL ANNOUNCES EVALUATION OF \$23 BILLION MAKING HOME AFFORDABLE PROGRAM

SIGTARP recently announced a new evaluation of the Making Home Affordable (MHA) program. SIGTARP will evaluate Treasury's and other government public reporting on the program. SIGTARP will also review public reporting by certain participating financial institutions.

SIGTARP audits and evaluates TARP programs to ensure transparency and accountability, and to prevent and identify the risk of fraud, waste, abuse, ineffectiveness, and inefficiency, among other risks that could jeopardize TARP programs. SIGTARP's continued oversight of Treasury's TARP housing initiatives, including the over \$23 billion MHA program, and its signature program, the Home Affordable Modification Program (HAMP), remains one of our highest priorities.

Treasury launched these housing programs to provide mortgage relief to homeowners and prevent avoidable foreclosures. With nearly 800,000 homeowners in HAMP, it is the largest open TARP program. Treasury paid over \$1.12 billion last year to 74 financial institutions and has approximately \$2.8 billion available to pay until Fiscal Year 2024.

### NEARLY 800,000 HOMEOWNERS CURRENTLY IN HAMP





## SIGTARP'S END OF YEAR MHA INVESTIGATIVE RESULTS

### **Federal Court Sentences Lawyer and Co-Conspirator to Prison for Participating in a Multimillion-Dollar Fraud Scheme, Including Those Seeking Assistance from HAMP**

In July 2019, a federal court sentenced lawyer Rajesh Maddiwar to five years in prison, and sentenced Owen Reid to one year and one day in prison for a multimillion-dollar criminal scheme that defrauded New York homeowners in the Bronx, Brooklyn and Queens out of their homes, including those seeking mortgage modifications through TARP's HAMP program. In May 2015, Amir Meiri, Mario Alvarenga and Maddiwar were indicted. In December 2015, Owen Reid and two co-conspirators were indicted. SIGTARP agents participated in the arrest of Maddiwar, Reid, Alvarenga, H. Meiri and Samantha Boubert. The court sentenced Herzal Meiri and Amir Meiri, the owners of Launch Development, to 10 years in prison, and 5 years in prison respectively.

From 2013 to 2015, Reid and co-conspirators, collectively called the Hillside Fraud Team, targeted distressed homeowners in the New York City area, including the Bronx, Brooklyn, and Queens. The Hillside Fraud Team sent mailers to owners of distressed properties on letterhead of the Homeowners Assistance Services of New York offering foreclosure prevention services. Reid and others trained and directed telemarketers to meet with the homeowners to appeal to the emotions of the homeowners. They developed a script that included in substance, a statement that a short sale would be a means for homeowners to lower their monthly payments and still remain in their home. Many homeowners – some of whom were elderly or in poor health – met with Reid or another member of the Hillside Fraud Team who advised them that they could assist with a loan modification. The homeowners were then told that a loan modification could not be completed, but they could sell the property to Launch Development, and then a relative could repurchase the property within 90 days, with the homeowner staying in the home.

There would then be a closing, where unbeknownst to the homeowner, they were selling their homes to a Hillside Business, often Launch Development. At the closing, the homeowner would meet with lawyer Maddiwar who told the homeowners that he would be their attorney. Maddiwar encouraged homeowners to sign documents that in some cases were blank. The homeowners did not know that they were selling their home to Launch Development for well below market value.

A member of the Hillside Fraud Team typically appeared at the homeowner's residence and demanded that the homeowner vacate the premises or commenced eviction proceedings. This fraud generated millions of dollars because they resold the houses at enormous profits. SIGTARP was joined in the investigation by the FBI and the New York State Department of Financial Services. The U.S. Attorney's Office for the Southern District of New York prosecuted the case.

## **Jury Convicts Owner of U.S. Homeowners Relief of a Nationwide \$3.5 Million Fraud Scheme Targeting More Than 250 Homeowners Seeking Loan Modifications, Including Under TARP's Making Home Affordable Program**

In April 2019, after trial a federal jury convicted Aminullah Sarpas on 10 counts of conspiracy and mail fraud. In July 2014, SIGTARP agents and our law enforcement partners arrested Sarpas who was a co-owner of U.S. Homeowners Relief, a business that from 2008 to 2010 operated as a telemarketing “boiler room” in California that pitched loan modification services to distressed homeowners. Sarpas and his co-conspirators demanded upfront fees of up to \$4,200 from homeowners in exchange for false promises of securing mortgage loan modifications on their behalf, touting a 97% success rate in securing modifications, and advertising money-back guarantees. The company's marketing materials implied they were affiliated with TARP's Making Home Affordable Program, making specific reference to the government website [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov) and displayed official Government logos. Telemarketers told consumers that their mortgage relief was part of the “Obama Act.” The defendants advised customer victims to stop making mortgage payments and not have contact with their lender.

The vast majority of more than 250 victims received no favorable loan modifications, instead losing their payments to the \$3.5 million scam. Several of the victims learned from their mortgage lenders that the defendants' companies had never made any contact on the homeowners' behalf. Many victims lost their homes to foreclosure. When pressure from customer complaints to the Better Business Bureau or state regulators grew, the defendants would shut down the company and open a new company to continue the scheme. Victims included homeowners in California (Ramona, San Diego, Palm Desert, Carson, Long Beach, Los Angeles); Nevada (North Las Vegas, Sparks, Henderson); Florida (Miami, Jacksonville, Lauderdale); Hawaii (Waipahu, Ewa Beach) Newark, Delaware; Ohio (Dayton, Massillon); Chaska, Minnesota; Phoenix, Arizona; and Corpus Christi, Texas.

Two defendants pled guilty, including Paul Bain, a co-owner of the business who pled guilty in 2016, and Louis Saggiani, manager and chief accountant, who pled guilty in 2015. Sarpas, Bain and Saggiani are scheduled for court sentencing in early 2020. SIGTARP was joined in the investigation by the U.S. Postal Inspection Service and the Internal Revenue Service. The U.S. Attorney's Office for the Central District of California is prosecuting the case.

## **California Man Who Told Distressed Homeowners that He Worked for “HAMP Services” Convicted of Nationwide \$2.5 Million Fraud Scheme that Victimized More than 500 Homeowners**

In August 2019, Allan Jessie Chance was convicted of conspiracy to commit mail fraud. SIGTARP agents participated in the arrest of Chance and two other defendants Michael Paul Paquette and Dennis Edward Lake in January 2018. Earlier, in 2016, two additional defendants, Brian Joseph Pacios and Chad Caldaronello were charged in the same scheme to defraud homeowners and pled guilty to contempt of court and mail fraud. The scheme which took place in 2014 and 2015, started with sending mailers that appeared to be coming from an entity affiliated with the government to homeowners facing foreclosure urging them to call to obtain a loan modification.

Chance and his co-conspirators operated under aliases and told homeowners they worked for HOPE Services, later changed to HAMP Services, which sounded similar to TARP’s Home Affordable Modification Program. They falsely told victims they were part of a non-profit, government-affiliated agency, and that the homeowners were eligible for a loan modification without contacting any government agency or their lender. They told homeowners they were approved for a loan modification, and had to pay three trial payments that would be held in a trust account or escrow, but not to inform their lender about the trial payments. They obtained at least \$2.5 million in trial payments from more than 500 victims nationwide spanning from their base of operation in California to points as far as Egg Harbor City, New Jersey and Mt. Airy, Maryland. Chance and Lake are scheduled to be sentenced in Federal Court in February 2020 and January 2020 respectively; Caldaronello, Pacios and Paquette are scheduled for sentencing in November 2019. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney’s Office for the Central District of California is prosecuting the case.

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# SIGTARP'S OVERSIGHT OF THE HARDEST HIT FUND

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**40 Hardest Hit Fund** programs remain open to new applications in addition to existing programs including: Mortgage Payment Assistance, Reinstatement, Transition Assistance, Principal Reduction, Blight Elimination, and Down Payment Assistance.

## STATUS OF APPROXIMATELY \$10 BILLION HARDEST HIT FUND PROGRAM CONTINUING INTO FY2022

Over \$9 billion has been spent and is subject to both SIGTARP's law enforcement investigations and audits. Nearly \$800 million remains to be spent and will be subject to future investigations and audits.

State	Total Spent	Total Unspent
Alabama	\$93,096,270	\$70,873,009
Arizona	\$284,870,621	\$19,926,068
California	\$2,435,293,301	\$56,327,844
District of Columbia	\$22,843,729	\$7,114,454
Florida	\$1,157,010,636	\$10,782,885
Georgia	\$329,527,597	\$50,993,957
Illinois	\$686,776,122	\$64,472,725
Indiana	\$248,387,446	\$44,152,625
Kentucky	\$190,754,226	\$23,756,224
Michigan	\$658,370,145	\$117,570,990
Mississippi	\$110,293,855	\$35,342,591
North Carolina	\$676,680,598	\$70,617,695
New Jersey	\$388,798,717	\$38,052,792
Nevada	\$173,828,800	\$24,545,072
Ohio	\$708,352,140	\$62,481,940
Oregon	\$320,656,495	\$42,224,543
Rhode Island	\$112,160,902	\$5,985,504
South Carolina	\$300,111,182	\$23,237,216
Tennessee	\$288,867,096	\$22,672,296
<b>Total</b>	<b>\$9,186,679,878</b>	<b>\$791,130,430</b>

Note: TARP dollars include an additional \$375 million in TARP dollars recovered in the program and put back into the program.  
Source: Treasury data as of 6/30/2019; SIGTARP analysis of HHF Quarterly Financial Reports.

## SIGTARP'S END OF YEAR HHF INVESTIGATIVE RESULTS

### **Detroit City Official Overseeing Contract Awards in HHF Demolition Program in the City Sentenced to Prison for Conspiracy to Commit Bribery and for Fraud in TARP's Hardest Hit Fund Blight Elimination Program**

On September 23, 2019, a federal court sentenced Aradondo Haskins, the Detroit city official overseeing contract awards in the HHF demolition program, to one year in prison and two years of supervised release, after his conviction for conspiracy to commit bribery and honest services fraud. Detroit is the city that received the largest amount of TARP dollars to fund the demolition of blighted, abandoned houses. Since 2013, Treasury has obligated more than \$258 million in TARP dollars for demolitions in Detroit. Haskins had been taking bribes over the entire time the TARP program was in existence. The U.S. Attorney's office told the court that Haskins had damaged the integrity of the demolition program. Recognizing that he was in positions to control important decisions relating to federally funded contracts, Haskins exploited his positions for personal benefit.

As a Detroit city official since April 2015, Haskins was the primary point of contact for demolition contractors. He was in a position to influence the demolition contact bidding process. He opened and read all bids that contractors submitted in response to the city's Request for Proposals (RFPs). During his tenure as a city official through the end of his employment with the City of Detroit in February 2016, Haskins accepted \$11,500 cash bribes from a contractor in exchange for telling the contractor confidential information about the bids. As Haskins intended, this corruptly obtained information allowed the contractor to submit bids low enough to ensure that the contractor was awarded City of Detroit demolition related contracts. After his employment with the city, he accepted another \$1,000 in bribes for information he received while employed by the city.

Haskins' bribery conspiracy as a city official was a continuation of a scheme that he was engaged in when he worked from 2013 to 2015 as an official at Adamo Group, one of the largest contractors and TARP dollar recipients in the entire Hardest Hit Fund Blight Elimination program. At Adamo, Haskins' role was to assemble bid packages in response to City of Detroit RFPs. Adamo responded to RFPs through bids, hoping to secure demolition contracts by being the lowest bidder. In assembling the bid packages, Haskins contacted subcontractors requesting bids to be included in Adamo's submission. With the intent to defraud and corrupt the bidding process and without Adamo's knowledge, on at least eight occasions, Haskins corruptly accepted approximately \$14,000 from a contractor in exchange for disclosing confidential information about the lowest bids from that contractor's competition. This information allowed the contractor to submit an even lower bid—ensuring that it won lucrative contracts. Due in large part to his experience at Adamo, the City of Detroit hired him as a Field Operations Manager overseeing contracts in HHF.

The U.S. Attorney's Office told the court, "Haskins, solely for greed, accepted bribes for many years, and it was within his sole power to cease his criminal activity at any point before the federal investigation commenced. Significantly, Haskins corrupted an important federal program by giving unearned preferential treatment to a contractor undeserving of such preferential treatment."

In public remarks, Special Inspector General Goldsmith Romero warned, “Anti-competitive corruption by city officials that award contracts in the Hardest Hit Fund’s Blight Elimination Program will be met by justice and accountability.” The U.S. Attorney’s office told the court, “Large federally funded programs are especially vulnerable to corruption. Billions of federal dollars are overseen by public officials and used by the private sector in this state and across the country. Public officials and private sector employees will be tempted to use their positions and access to federal monies for their own benefit.”

When federal law enforcement, including SIGTARP, gave Haskins repeated opportunities to admit his criminal conduct, he declined. Instead, at every turn in the investigation, Haskins lied. Only later did he admit to his conduct. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney for the Eastern District of Michigan and the Antitrust Division of the Department of Justice prosecuted the case.

### **Detroit Demolition Contractor Sentenced to Prison for Conspiracy to Commit Honest Services Fraud by Taking Bribes and Kickbacks from a Subcontractor in Connection with TARP’s Hardest Hit Fund Blight Elimination Program**

On September 10, 2019, a federal court sentenced Detroit contractor Anthony Daguanno to one year in prison, and two years of supervised release, after his conviction for conspiracy to commit honest services fraud by taking bribes and kickbacks from a subcontractor in connection with the HHF demolition program in Detroit. Detroit is the city that received the largest amount of TARP dollars to fund the demolition of blighted, abandoned houses. Since 2013, Treasury has obligated more than \$258 million in TARP dollars for demolitions in Detroit.

Daguanno was convicted of accepting \$372,000 in bribes and kickbacks on 71 occasions over eight years, while he served as an executive at Adamo Group. Adamo is one of the largest contractors and TARP dollar recipients in the entire Hardest Hit Fund Blight Elimination program.

From 2013 to 2019, as a senior estimator at Adamo, Daguanno prepared Adamo’s bids in response to City of Detroit Request for Proposals for demolition work. As an estimator with 43 years of experience in the demolition field, Adamo trusted Daguanno, giving him singular authority to manage its bidding process with the City of Detroit. In assembling the bid packages to submit to the City, Daguanno regularly communicated with subcontractors. Because his job included direct contact with contractors during the bidding process and a “first look” at the bids they submitted, he was uniquely positioned to exploit the situation. With the intent to defraud and to corrupt the bidding process, on many occasions, a contractor paid Daguanno to disclose confidential information about the lowest bids from that contractor’s competition. Daguanno disclosed this information in several ways, often by emailing competitor price sheets to the contractor. This information allowed the contractor to submit an even lower bid—ensuring that it won lucrative contracts.

The U.S. Attorney’s Office told the court, “Daguanno’s offenses compromised the integrity of a government funded program intended to mitigate the effect of blight on the most vulnerable communities in the State of Michigan. And, by placing his personal enrichment above the interests of Adamo, Daguanno corrupted a contract bidding process which was meant to maximize the ability of Adamo to competently perform its contractual obligations to the City of Detroit. This conduct not only violated the trust Adamo placed in Daguanno, it compromised the integrity of the

Blight Elimination Program and damaged the trust the citizens of Detroit have a right to place in government funded assistance programs.”

It took a federal investigation to uncover Daguanno’s criminal behavior. The government gave Daguanno an opportunity to admit his criminal acts, but he failed to do so. In his first interview by federal law enforcement including SIGTARP, he denied all of the conduct. Much later, after federal investigation, Daguanno admitted to accepting bribes. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney for the Eastern District of Michigan and the Antitrust Division of the Department of Justice prosecuted the case.

## **California Recipient of Hardest Hit Fund Mortgage Assistance Convicted of Fraud on the Program**

On May 7, 2019, Eliseo Delgado Jr. was convicted of making a false or fictitious claim in TARP's Hardest Hit Fund program. In November 2014, Delgado knowingly submitted a false application to the Hardest Hit Fund unemployment assistance program in California, known as Keep Your Home California Unemployment Mortgage Assistance. The program was designed to help homeowners by providing temporary mortgage assistance to eligible low - to moderate - income homeowners who became unemployed. Delgado's application for homeowner relief benefits fraudulently stated that his income had been reduced because of unemployment. In a "hardship letter" in support of his application, Delgado wrote, "I have lost my job...I fell behind on my mortgage payments in 01/01/2014, earlier this year due to lack of income." In fact, from 2009 to 2016, Delgado was self-employed at various businesses he had founded, and in 2015 and 2016 he earned approximately \$300,000 annually. At no point was he unemployed. From January 2015 to June 2016, he received benefits for 18 months, the maximum length of time permissible under the program, for a total of \$52,373.

Delgado's court sentencing is scheduled for October 28, 2019. He faces a statutory maximum sentence of five years in federal prison. SIGTARP investigated the case. The U.S. Attorney's Office for the Central District of California, Riverside Branch Office, prosecuted the case.

## **Recipients of Hardest Hit Fund Mortgage Assistance Indicted for Fraud on the Program in Ohio**

On September 12, 2019, a federal grand jury indicted an Ohio man and his wife for Conspiracy to Commit Theft of Government Property in connection with TARP's Hardest Hit Fund program. The indictment charges that on or about May 28, 2014, Christopher Lee Horn and Sondra Lee Horn submitted an application requesting homeowner assistance from the Hardest Hit Fund in Ohio, known as Save the Dream Ohio. According to the indictment, this program is focused on unemployed and underemployed homeowners who are at risk of mortgage loan default or foreclosure, and eligibility for the program is based on the homeowner owning and occupying the property in Ohio as the homeowner's principal residence.

The Horns allegedly certified in their application that their house was owner-occupied and their primary residence. Under the program, eligible homeowners can receive, Rescue Payment Assistance that brings the homeowner current on their delinquent mortgage, and Partial Mortgage Payment Assistance where the Ohio HHF program makes monthly payments to the loan servicer for up to 18 months. On or about September 25, 2014, the Horns were allegedly approved for Rescue Payment Assistance of \$2,839 and monthly Mortgage Payment Assistance of \$692.29 per month for a term of 18 months. The indictment alleges that in September 2014, the Horns negotiated to rent their residence to an individual for \$655 per month in cash or personal checks, and moved to Minnesota. The Horns are alleged to have received the rescue amount of \$2,839, HHF monthly mortgage assistance of \$692.29 from October 2014 to May 2015, and monthly mortgage assistance of \$673.13 from June 2015 to February 2016, without notifying the Ohio state HHF officials that they had moved or received rent.

SIGTARP investigated the case. The U.S. Attorney's Office for the Southern District of Ohio is prosecuting the case.

## HHF AUDIT AND EVALUATIONS ACTIVITIES

### **Evaluation of HHF Blight Elimination Program and Demolitions Finds Hazardous Material Risks, Lack of State Agency Quality Assurance and Oversight**

July 2, 2019

SIGTARP released an evaluation based on its review and a review by the U.S. Army Corps of Engineers of Hardest Hit Fund-paid demolitions in South Carolina that showed that the program is unnecessarily risky. The U.S. Army Corps of Engineers (the Corps) on behalf of SIGTARP found significant risks at the federal, state, and contractor level in the Hardest Hit Fund's (HHF) \$755 million Blight Elimination Program. These findings come nearly two years after SIGTARP warned the U.S. Department of Treasury that a similar review of demolitions in Flint, Michigan found program-wide risks of hazardous materials, illegal dumping, and contaminated soil.

"The health and safety of communities require greater oversight by Treasury and state agencies and should not be left to individual contractors," said Special Inspector General Christy Goldsmith Romero. "Many Hardest Hit funded demolitions are large, complex and require the removal of hazardous materials like asbestos and lead. This is the second of eight state agencies where the Army Corps has found a lack of state agency oversight."

The Corps compared program requirements to federal and state environmental, health, and safety industry standards, and best practices. It also analyzed the state agency files of a completed demolition of a large 77-unit apartment building in Columbia and made onsite visits and visual inspections of multiple properties in the process of demolition in Spartanburg, including a large 110-unit apartment building.

In its broad program review, the Corps found that the state agency lacked technical oversight and quality assurance throughout the lifecycle of the demolition process. Best practices require periodic state agency on-site presence and inspections, training of state agency oversight employees, and testing. But the South Carolina agency only requires initial and closeout inspections, which creates significant risks. Critically the state agency does not require proof prior to demolition that all asbestos and other hazardous materials are removed, stored, transported and disposed of following federal and state requirements. The South Carolina agency also does not require contractors to track the amount of hazardous materials found, creating a risk that some material may be left.

Given the lack of effective state agency quality assurance and internal controls, in its review of specific demolitions the Corps found substantial inconsistencies in the handling of asbestos and other waste. In Columbia, the Corps found significant omissions, discrepancies and other errors in documentation related to the demolition of a property in Columbia. For example, the state agency file had no certification of the final disposition or completion of the asbestos abatement, no listing of the asbestos abatement contractor in the prime contract, and differing quantities of asbestos containing material on one abatement license and the estimated amount indicated in the specifications.

After visiting an ongoing demolition site in Spartanburg, the Corps concluded that the City of Spartanburg and its contractors appeared to be following demolition best practices and were taking care to minimize harm to the environment and the surrounding community.

## **SIGTARP Recommends that Treasury Take Corrective Action to Require a Fraud and Waste Prevention Control for Hardest Hit Fund Homeowner Mortgage Assistance Payments**

August 13, 2019

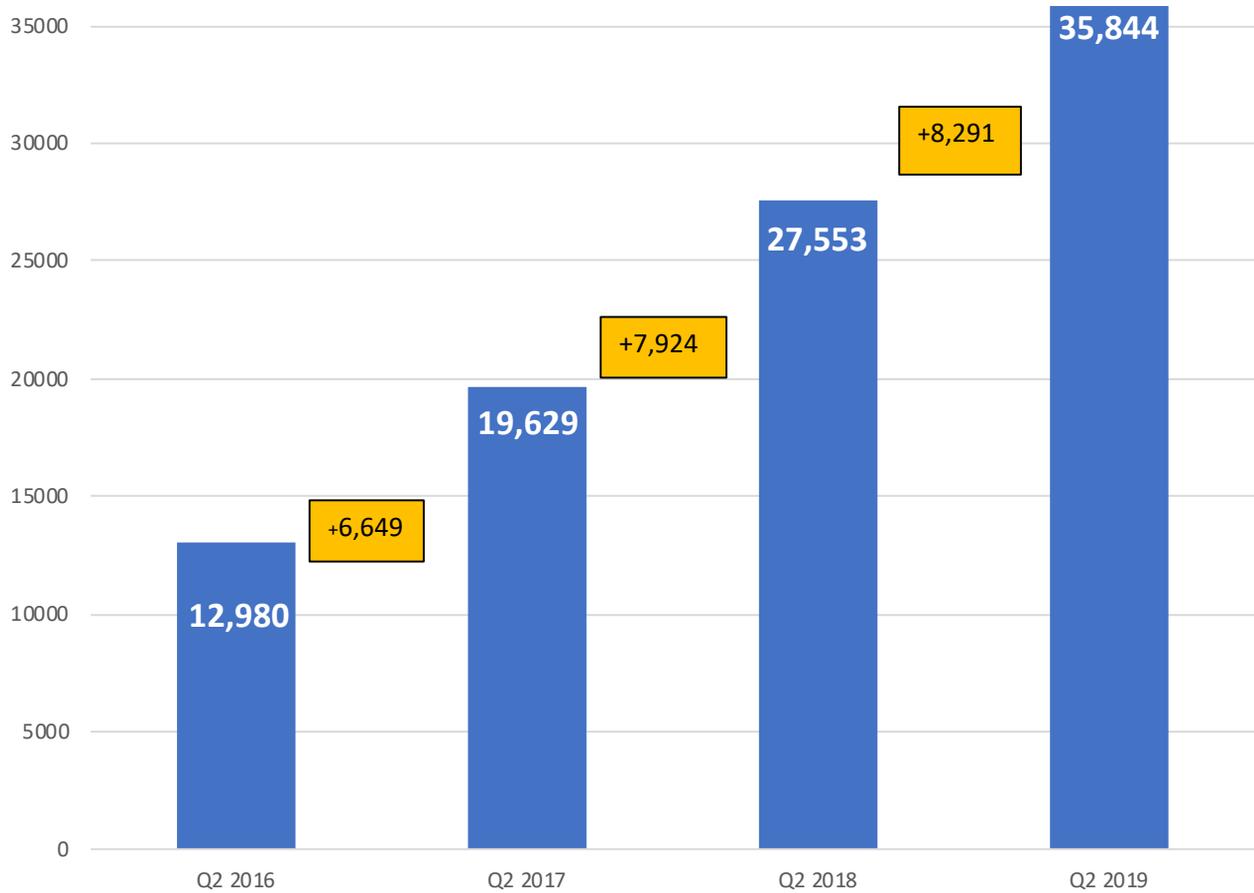
There is nearly \$800 million in taxpayer dollars that remains available for spending by state agencies in TARP's Hardest Hit Fund program through Fiscal Year 2022. Under this program, state agencies provide monthly mortgage payments for homeowners who are unemployed or underemployed for up to two years. In August 2019, SIGTARP sent a letter to Treasury Secretary Mnuchin telling him that SIGTARP uncovered California homeowners who, after receiving initial Hardest Hit Fund assistance, either moved away from the house or obtained employment, becoming ineligible for the program. However, the California state agency was not aware of these subsequent ineligibility events and continued to pay these homeowners \$437,631 in TARP dollars that they never should have received.

SIGTARP found that some state agencies in the program require every homeowner to certify under penalty of perjury to their program eligibility each month (or at least) quarterly before receiving the payments, so that if they lie, they can be prosecuted. However, the California agency and other state agencies did not require this important fraud and waste preventive control. These findings demonstrate the need for additional taxpayer protections in HHF to prevent fraud and waste.

SIGTARP recommended that, because the Hardest Hit Fund can pay up to two years of mortgage assistance, Treasury require state agencies to require all HHF program participants to prove their current eligibility on at least a quarterly basis before receiving future TARP payments. Requiring periodic certifications of each requirement for program eligibility under penalty of perjury for every program participant prevents waste as it deters those not willing to lie, and it promotes ease in prosecution for fraud of those willing to lie. Implementing this safeguard will save taxpayer dollars by preventing fraud and waste of taxpayer dollars.

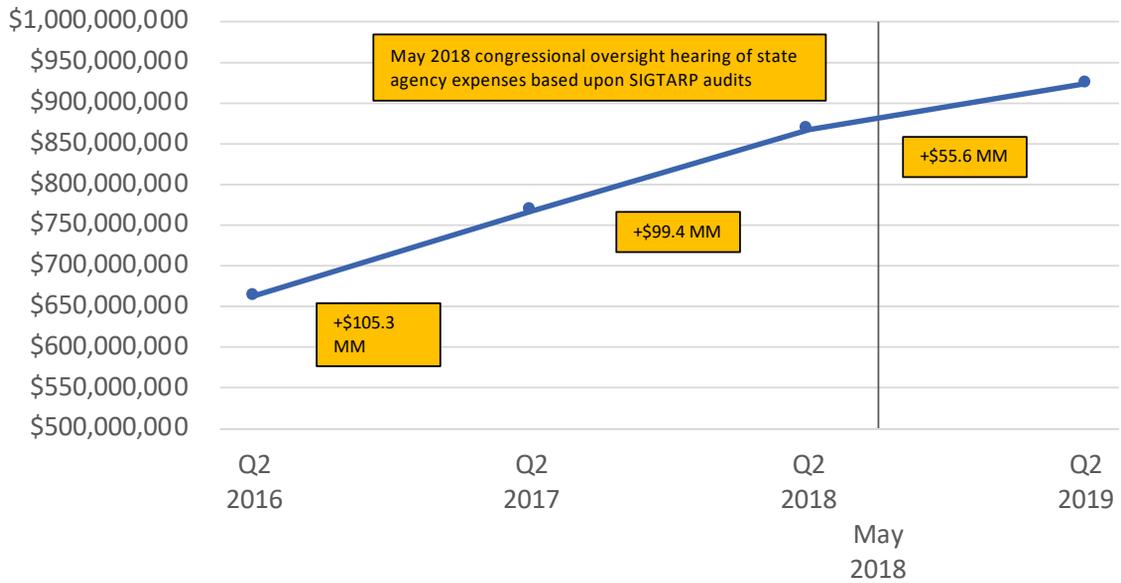
## Last Year, There Was a Surge in HHF Blight Demolitions

*The last 2 years of demolitions account for nearly half (45%) of all Treasury-reported demolitions.*



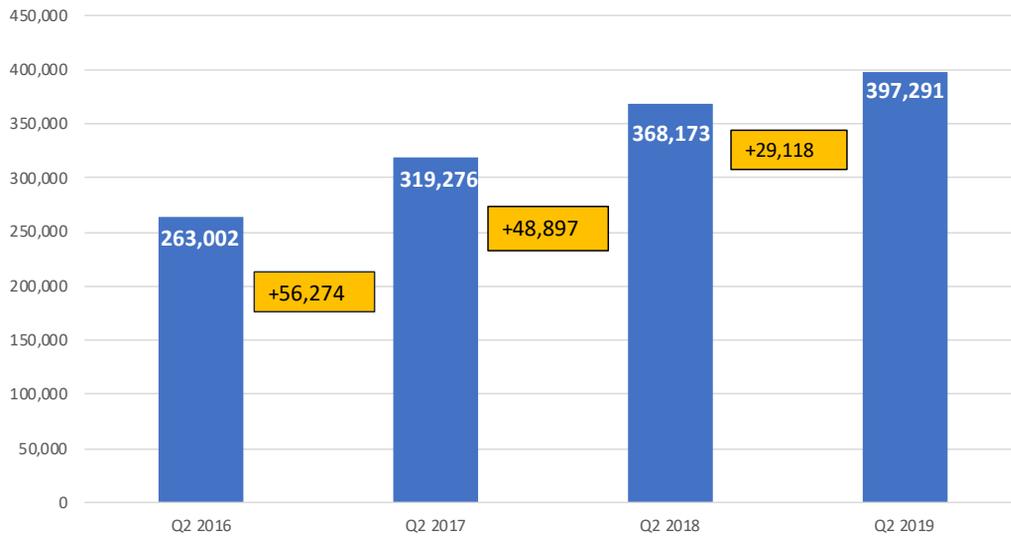
Source: Treasury publication of HFA performance data as of June 30, 2019

### HHF: \$55.6 Million Spent By State Agencies Last Year On Administrative Support, Outreach & Counseling



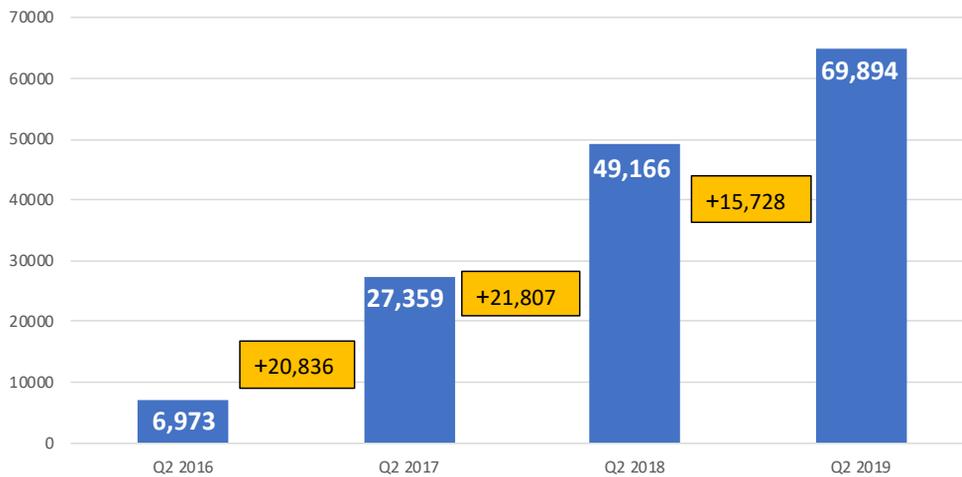
Source: Treasury publication of HFA performance data as of June 30, 2019

### Over 29,000 New Borrowers Came Into HHF Last Year



Source: Treasury publication of HFA performance data as of June 30, 2019

### 58 Percent of All Homebuyers Receiving HHF Down Payment Assistance Received it in the Last Two Years



Source: Treasury publication of HFA performance data as of June 30, 2019

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# SIGTARP'S OVERSIGHT OF BANK AND TARP INVESTMENT PROGRAMS

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## RESULTS OF SIGTARP'S BANK INVESTIGATIONS



### **BANKERS**

105 INDICTED  
92 CONVICTED\*  
76 SENTENCED  
TO PRISON

### **BANKER'S CO-CONSPIRATORS**

94 INDICTED  
73 CONVICTED  
59 SENTENCED  
TO PRISON

### **BORROWERS DEFRAUDING BANKS**

57 INDICTED  
51 CONVICTED  
39 SENTENCED  
TO PRISON

As of September 30, 2019

\*Includes two convictions vacated due to death or subsequent cooperation with the Government.

## 76 BANKERS SENTENCED TO PRISON OUT OF 92 CONVICTED



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

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

**Mark A. Conner**  
12 Years in Prison  
5 Years Supervised Release  
Acting CEO, President, COO, Chairman,  
Vice Chairman  
FirstCity Bank

**Gilbert Lundstrom**  
11 Years in Prison  
2 Years Supervised Release  
CEO, Chairman  
TierOne Bank

**Shawn Leo Portmann**  
10 Years in Prison  
5 Years Supervised Release  
Senior Vice President, Loan Officer  
Pierce Commercial Bank (Subsidiary)

**Sean Cutting**  
8 Years and 4 Months in Prison  
3 Years Supervised Release  
CEO, President, Director, Chief Lending  
Officer, Chief Administrative Officer  
Sonoma Valley Bank



**Brian Melland**  
8 Years and 4 Months in Prison  
3 Years Supervised Release  
Chief Loan Officer, Senior Vice President  
Sonoma Valley Bank

**Ebrahim Shabudin**  
8 Years and 1 Month in Prison  
3 Years Supervised Release  
Executive Vice President, COO, Chief  
Credit Officer  
United Commercial Bank (UCBH)

**Troy Brandon Woodard**  
8 Years in Prison  
5 Years Supervised Release  
Vice President  
Bank of the Commonwealth (Subsidiary)

**Catherine Kissick**  
8 Years in Prison  
3 Years Supervised Release  
Senior Vice President, Assistant Treasurer  
Colonial Bank

**Clayton A. Coe**  
7 Years and 3 Months in Prison  
5 Years Supervised Release  
Vice President, Senior Commercial Loan  
Officer  
FirstCity Bank

**Gary Patton Hall**  
7 Years in Prison  
3 Years Supervised Release  
CEO, President  
Tifton Banking Company



**Kirk Marsh**  
6 Years and 6 Months in Prison  
3 Years Supervised Release  
Vice President for Government Contract  
Lending, Vice President  
Virginia Commerce Bank; Fulton Bank

**David Gibson**  
6 Years in Prison  
3 Years Supervised Release  
Chief Financial Officer, Executive Vice  
President  
Wilmington Trust Company

**Robert Harra**  
6 Years in Prison  
3 Years Supervised Release  
President, Chief Operating Officer  
Wilmington Trust Company

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

**Ataollah Aminpour**  
5 Years and 10 Months in Prison  
5 Years Supervised Release  
Chief Marketing Officer  
Mirae Bank

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



**Shaun Hayes**  
5 Years and 8 Months in Prison  
5 Years Supervised Release  
Director, Vice Chairman Majority  
Shareholder, Consultant,  
Investors Financial Corporation of Pettis  
County, Inc.; Excel Bank

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

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

**Zulfikar Esmail**  
5 Years in Prison  
4 Years Supervised Release  
CEO, Chairman; President  
Premier Bank; Premier Bancorp

**William North**  
4 Years and 6 Months in Prison  
3 Years Supervised Release  
Chief Credit Officer  
Wilmington Trust Company

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



**Richard Colbert**  
3 Years and 4 Months in Prison  
3 Years Supervised Release  
Attorney  
Beach Community Bank

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

**Michael H. Ashley**  
3 Years in Prison  
5 Years Supervised Release  
Vice President, Chief Business Strategist  
Gateway Bank, F.S.B.

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

**Keavn Rakowski**  
3 Years in Prison  
3 Years Supervised Release  
Controller  
Wilmington Trust Company

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

## 76 BANKERS SENTENCED TO PRISON (continued)\*



**Melvin Rohs**  
 2 years and 9 months in Prison  
 5 years Supervised Release  
 Senior Vice President, Senior Loan Officer  
 Citizens Bank of Northern California



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



**Brian D. Bailey**  
 2 Years and 6 Months in Prison  
 3 Years Supervised Release  
 Vice President/Delaware Market Manager, Loan Officer  
 Wilmington Trust Company



**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



**Reginald Harper**  
 2 Years in Prison  
 3 Years Supervised Release  
 CEO, President  
 First Community Bank



**James Ladio**  
 2 Years in Prison  
 3 Years Supervised Release  
 CEO, President; Chief Lending Officer  
 MidCoast Community Bank; Artisan's Bank



**Michael Erickson**  
 2 Years in Prison  
 3 Years Supervised Release  
 Loan Officer  
 Southern Bancorp



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



**Vivian Tat**  
 2 Years in Prison  
 2 Years supervised release  
 Branch Manager, Vice President  
 East West Bank



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



**Joseph Terranova**  
 1 Year and 9 Months in Prison  
 3 Years Supervised Release  
 Vice President, Loan Officer  
 Wilmington Trust Company



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



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



**Ricky Hajdik**  
 1 Year and 8 Months in Prison  
 3 Years Supervised Release  
 Loan Officer  
 Lone Star Bank



**Tae Kim**  
 1 Year and 6 Months in Prison  
 3 Years Supervised Release  
 Relationship Manager  
 Citibank; Wilmington Savings Fund Society, FSB



**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)



**Poppi Metaxas**  
 1 Year and 6 Months in Prison  
 3 Years Supervised Release  
 CEO, President, Board Member  
 Gateway Bank, F.S.B.



**Paul Ryan**  
 1 Year and 6 Months in Prison  
 3 Years Supervised Release  
 Loan Officer  
 Broadway Federal Bank



**Michael "Sean" Davis**  
 1 Year and 9 Months in Prison  
 3 Years Supervised Release  
 President  
 Premier Community Bank of the Emerald Coast; Bank of America, Beach Community Bank



**Peter W. Hayes**  
 1 Year and 3 Months in Prison  
 3 Years Supervised Release  
 Loan Officer  
 Wilmington Trust Company



**Brian Hartline**  
 1 Year and 2 Months in Prison  
 3 Years Supervised Release  
 CEO, President,  
 NOVA Financial Holdings, Inc.; NOVA Bank



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



**Matthew L. Morris**  
 1 Year in Prison  
 2 Years Supervised Release  
 Senior Vice President  
 The Park Avenue Bank



**Justin T. Brough**  
 11 Months in Prison  
 5 Years Supervised Release  
 Senior Vice President  
 Bank of America



**Barry Bekkedam**  
 11 Months in Prison  
 3 Years Supervised Release  
 Former Chairman,  
 NOVA Financial Holdings, Inc.; NOVA Bank



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



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



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



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



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



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



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



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

\*Reversed on appeal

## 76 BANKERS SENTENCED TO PRISON (continued)\*



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



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



**Timothy Murphy**  
 Time Served  
 5 Years Supervised Release  
 Executive Vice President  
 Excel Bank



**Sam Tuttle**  
 Time Served  
 6 Months Home Confinement  
 3 Years supervised release  
 Vice President, Loan Officer  
 Pierce Commercial Bank (Subsidiary)



**Robert Pennington**  
 Time Served  
 5 Years Supervised Release  
 8 Months Home Confinement  
 Vice President  
 Citizens First National Bank



**Helene DeCillis**  
 Time Served  
 3 Years Supervised Release  
 Chief Operating Officer  
 Lend America, Gateway Bank F.S.B.



**Michael Primeau**  
 Time Served  
 3 Years Supervised Release  
 President  
 Lend America, Gateway Bank F.S.B.



**Michael W. Yancey**  
 Time Served  
 3 years supervised release  
 Senior Vice President  
 Farmers Bank & Trust, N.A.



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



**Ed Rounds**  
 Time Served  
 2 Years Supervised Release  
 Loan Officer  
 Pierce Commercial Bank (Subsidiary)



**Angela Crozier**  
 Time Served  
 1 Year Supervised Release  
 Loan Processor  
 Pierce Commercial Bank (Subsidiary)



**Craig Meyer**  
 Time Served  
 1 Year Supervised Release  
 Vice President, Principal, Loan Officer,  
 Pierce Commercial Bank (Subsidiary)

## 4 BANKERS SENTENCED TO HOME CONFINEMENT

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

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

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

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

## 59 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 73 CONVICTED



**Lee Bently Farkas**  
30 Years in Prison  
3 Years Supervised Release  
CEO, Chairman  
Taylor, Bean & Whitaker  
(Colonial Bank Case)



**Mark Anthony McBride**  
14 Years and 2 Months in Prison  
5 Years Supervised Release  
(Omni National Bank Case)



**Delroy Davy**  
14 Years in Prison  
5 Years Supervised Release  
Owner  
Quantum Builders LLC, Jansen  
Properties LLC, Realty Group LLC,  
DNK Investment Group LLC  
(Omni National Bank Case)



**George Hranowsky**  
14 Years in Prison  
3 Years Supervised Release  
Owner/Operator  
345 Granby, LLC, Norfolk Property  
Development LLC  
(Bank of the Commonwealth Case)



**Wilbur Anthony Huff**  
12 Years in Prison  
4 Years Supervised Release  
Owner  
O2HR, LLC; Oxygen Unlimited,  
LLC; General Employment  
Enterprises  
(Park Avenue Bank Case)



**Eric Menden**  
11 Years and 6 Months in Prison  
3 Years Supervised Release  
Owner/Operator  
345 Granby, LLC; Norfolk Property  
Development LLC  
(Bank of the Commonwealth Case)



**Jerome Arthur Whittington**  
10 Years in Prison  
7 Years Supervised Release  
Bank of America



**Daniel Sexton**  
9 Years and 1 Month in Prison  
5 Years Supervised Release  
Operator  
DS Realty, DES Equipment Waste  
Mgmt. Solutions, Georgetown  
Mobile Home Sales of Central  
Kentucky  
(PBI Bank Case)



**David Lonich**  
6 Years and 8 Months in Prison  
3 Years Supervised Release  
(Sonoma Valley Bank Case)



**Lawrence Wright**  
6 Years and 3 Months in Prison  
3 Years Supervised Release  
Bluewater Real Estate  
Investments, LLC  
(GulfSouth Private Bank Case)



**Desiree Brown**  
6 Years in Prison  
3 Years Supervised Release  
Vice President, Treasurer  
Taylor, Bean & Whitaker  
(Colonial Bank Case)



**Francesco Mileto**  
5 Years and 5 Months in Prison  
5 Years Supervised Release  
Owner  
Florida Metro One, LLC, Southeast  
Retail Portfolio, LLC, Trust Member,  
LLC, TMS Heritage, LLC,  
(Orion Bank Case)



**Richard Pinto [deceased]**  
5 Years in Prison  
5 Years Supervised Release  
Chairman, co-founder  
Oxford Collection Agency  
(Ally Financial, CitiGroup,  
JP Morgan, U.S. Bank, Webster  
Bank, Wells Fargo Case)



**Jonathan Williams**  
5 years in Prison  
5 Years Supervised Release  
Accountant, Operator  
DS Realty, DES Equipment Waste  
Mgmt. Solutions, Georgetown  
Mobile Home Sales of Central  
Kentucky  
(PBI Bank Case)



**Paul Chemidlin**  
5 Years in Prison  
3 Years Supervised Release  
(Bank of America, CitiGroup,  
PNC Bank, U.S. Bank, Wells  
Fargo Case)



**Delton DeArmas**  
5 Years in Prison  
3 Years Supervised Release  
CFO  
Taylor, Bean & Whitaker  
(Colonial Bank Case)



**Mohsen Hass**  
4 Years and 9 Months in Prison  
3 Years Supervised Release  
Owner, Melody Gas Station  
(Wilshire State Bank Case)



**Dwight Etheridge**  
4 Years and 2 Months in Prison  
5 Years Supervised Release  
Owner/Operator  
Tivest Development and  
Construction LLC  
(Bank of the Commonwealth Case)



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



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



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



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



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



**Michael Litz**  
3 Years in Prison  
3 Years Supervised Release  
Co-owner, McKnight Man I LLC and  
Eighteen Investments  
Excel Bank Investors Financial  
Corp of Pettis County)



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



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



**Jimmy Sheng Lee**  
2 Years in Prison  
2 Years Supervised Release  
(Saigon National Bank Case)



**Zahid Aslam**  
2 Years and 6 Months in Prison  
3 Years Supervised Release  
Owner  
Alpha Medical Center  
(Citibank; Wilmington Savings Fund  
Society Case)



**David Odum**  
2 Years and 6 Months in Prison  
2 Years Supervised Release  
President  
Cityscope Productions, LLC  
(Harbor Bank of Maryland)



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



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



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



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



**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)

## 59 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)



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



**Wang Gao Wang**  
 2 Years in Prison  
 2 Years Supervised Release  
 (Chase Bank Case)



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



**Darryl Wesley Clements**  
 1 Year and 6 Months in Prison  
 3 Years Supervised Release  
 Owner  
 Link Resources Partner, LLC  
 (The Harbor Bank of Maryland  
 Case)



**William Cody**  
 1 Year and 6 Months in Prison  
 3 Years Supervised Release  
 Owner/Operator  
 C&C Holdings LLC  
 (GulfSouth Private Bank Case)



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



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



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



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



**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)



**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)  
 (Subsidiary)



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



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



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



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



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



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



**James House**  
 Time Served  
 3 Years Supervised Release  
 (Sonoma Valley Bank Case)

## 4 BANKER CO-CONSPIRATORS SENTENCED TO HOME CONFINEMENT

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

**Recardo Lewis**  
 6 Months Home Confinement  
 Project Manager  
 Triest Development & Construction,  
 LLC  
 (Bank of the Commonwealth Case)

**Patrick Pinto**  
 6 Months Home Confinement  
 Co-owner  
 Oxford Collection Agency Inc.  
 LLC  
 (Oxford Collection Case)

**Charles Harris**  
 6 Months Home Confinement  
 Co-owner  
 Oxford Collection Agency Inc.  
 (Oxford Collection Case)

## 41 DEFENDANTS WHO FRAUDULENTLY DECEIVED 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)

**Leigh Farrington Fiske**  
4 Years and 9 Months in Prison  
5 Years Supervised Release  
(Victim: Wells Fargo Bank, U.S. Bank)



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



**Michael Edward Filmore**  
4 Years in Prison  
5 Years Supervised Release  
Operator  
Healthcare Parnters 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 Gentleman's Club; V.I.P Club, The Westchester Guardian  
(Victim: Capital One, Signature Bank, Sovereign Bank)



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



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



**Marleen 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. Wheliss, Jr.**  
2 Years in Prison  
5 Years Supervised Release  
Owner  
National Embroidery Works, Inc.  
(Victim: Pinnacle National Bank)



**Margaret Connolly**  
2 Years in Prison  
3 Years Supervised Release  
Attorney  
(Victim: JP Morgan)



**Thomas Fu**  
1 Year and 9 Months in Prison  
5 Years Supervised Release  
CFO, Secretary, Treasurer  
Galleria USA  
(Victim: Bank of America, United Commercial Bank (UCBH), Cathay Bank, City National Bank, East National Bank, DBS Bank, United Overseas Bank)



**Steven Moorhouse**  
1 Year and 9 Months in Prison  
5 Years Supervised Release  
President  
Jefesco Manufacturing Co., Inc. (aka Fanplastic Molding Company)  
(Victim: Old Second National Bank)



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



**Jasmin Polanco**  
1 Year and 3 Months in Prison  
3 years Supervised Release  
Attorney  
JPMorgan, Bank of America, Capital One



**Gregory Yates**  
1 year in Prison  
3 years Supervised Release  
CEO, President Quality Concepts LLC; Owner Champion Development, LLC; Owner QC Manufacturing, LLC  
(Victim: Country Bank of Aledo, IL)



**Harpreet Singh**  
6 Months in Prison  
5 Years Probation  
Real Estate Agent  
(Victim: Bank of America, Wells Fargo)



**John Cheng**  
6 Months in Prison  
4 Months Supervised Release  
Loan Broker, Owner SinoWest Financial Services, Inc.  
(Victim: BNB Financial Services Corp.)



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



**Vanessa Ricci**  
6 Months in Prison  
3 Years Supervised Release  
Mortgage Broker  
Financial Services, Inc.  
(Victim: JPMorgan, Bank of America, Capital One)



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



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



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



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



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



**Dahianara Moran**  
Time Served  
1 Year Home Confinement  
1 Year Supervised Release  
Former Director of Human Resources of The Psychological Center Inc.  
(Victim: JPMorgan, Bank of America, First Horizon Corp.)



**James Crews**  
Time Served  
5 Years Supervised Release  
(Victim: Excel Bank)

## 41 DEFENDANTS WHO FRAUDULED TARP BANKS SENTENCED TO PRISON (continued)



**Michael Hilbert**  
Time Served  
5 Years Supervised Release  
(Victim: Excel Bank)

**Pasquale Scarpa**  
Time Served  
5 Years Supervised Release  
(Victim: Capital One, Signature Bank, Sovereign Bank)

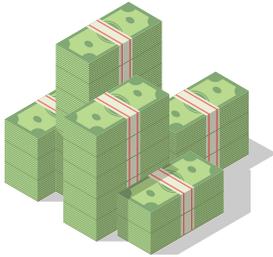
**Mark A Pagani**  
Time Served  
5 Year Supervised Release  
Attorney  
(Victim: Capital One, Signature Bank, Sovereign Bank)

**Falgun Dharia**  
Time Served  
3 Years Supervised Release  
Owner  
Mantiff Management Corp.  
(Victim: PNC Bank)

**Timothy Fitzgerald**  
Time Served  
2 Years Supervised Release  
Chief Financial Officer  
KC United LLC  
(Victim: Bank of Blue Valley)

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

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



### SCAMS USING TARP

# 15

**Julius Blackwelder**  
3 years and 10 months

**John Farahi**  
10 years

**Gordon Grigg**  
10 years

**Xue Heu**  
5 years and 3 months

**Abraham Kirschenbaum**  
1 year and 6 months

**Carla Lee Miller**  
8 months

**Jesus Fernando Montes**  
1 year and 6 months

**Thomas Dickey Price**  
1 year and 6 months

**Michael Ramdat**  
1 year and 9 months

**Eduardo Garcia Sabag**  
3 months

**Marvin Solis**  
2 years and 3 months

**David Tamman**  
7 years

**Todd Taylor**  
1 day

**Mark Steven Thompson**  
1 year and 6 months

**Robert Wertheim**  
1 year and 6 months

## SIGTARP'S END OF YEAR BANK AND OTHER TARP INVESTMENT PROGRAM INVESTIGATIVE RESULTS

### **Defendants Sentenced in Money Laundering Schemes**

In summer 2019, a federal court sentenced two defendants to prison as part of a wide-ranging investigation into a series of schemes that involved narcotics trafficking and international money laundering. At the center of the broad conspiracy is the lead defendant, Tu Chau “Bill” Lu, who was president and chief executive officer of TARP recipient Saigon National Bank from 2009 through January 2015. The Department of Justice charges that Lu and five other defendants were members of a criminal organization involved in narcotics trafficking and international money laundering in countries that included the United States, China, Cambodia, Liechtenstein, Mexico, and Switzerland. The indictment alleges that Lu used “his insider knowledge, position as an official at Saigon National Bank, and network of connections to promote and facilitate money laundering transactions involving members and associates of the enterprise.” In total, 25 defendants have been charged across six indictments.

The court also sentenced two defendants this summer, Jimmy Sheng Lee and Wang Gao Wang, to three year and two year prison terms, respectively, for their roles in money laundering schemes. In separate schemes, both defendants conspired to provide cashier’s checks in exchange for cash they believed was proceeds from drug activity. In exchange, the defendants believed they would receive a percentage of the funds laundered.

SIGTARP was joined in the investigation by the Federal Bureau of Investigation and the Criminal Division of the Internal Revenue Service. The U.S. Attorney’s Office for the Central District of California is prosecuting the case.

### **Cooperating Defendant Sentenced to Time Served for Role in Massive Fraud Scheme that Contributed to Failure of Sonoma Valley Bank, Resulting in a Complete Loss of \$8.6 Million in TARP**

In July 2019, a California federal court sentenced cooperating defendant James House to time served and three years of supervised release for his role in a massive fraud scheme that contributed to the failure of Sonoma Valley Bank and a complete loss to TARP of \$8.6 million. As part of the sentencing, the court ordered House to pay \$19,196,000 in restitution.

In August 2018, the court sentenced Sonoma Valley Bank CEO Sean Cutting and Chief Loan Officer Brian Melland to eight years and four months in prison, and attorney David Lonich to six years and eight months in prison, for a years-long, highly complex fraud scheme. On December 18, 2017, a federal jury convicted all three after trial. The bank officers conspired to make millions in illegal bank loans to “straw” borrowers, knowing that the loan proceeds would go to one bank borrower, real estate developer Bijan Madjlessi. In 2005, Madjlessi faced cash flow issues and the bank lent him money in excess of their legal loan limits through a series of straw borrowers. Bank CEO Cutting and Loan Officer Melland then tried to cover up the scheme by falsifying the bank’s books and lying to bank regulators. During the fraud, the bank applied for TARP, with the CEO describing TARP as a “cookie jar” saying it only made sense for the bank to “take some.”

James House became involved because by 2009, Madjlessi had nearly \$30 million in debt at Sonoma Valley Bank when one of his properties was foreclosed. To get the property back, Madjlessi conspired with House, who he owed hundreds of thousands of dollars for carpentry work. House agreed to act as a straw borrower, getting the loan from the bank in his name, and passing on almost all the proceeds to Madjlessi. In return, House was paid almost exactly what he was owed by Madjlessi.

James House was the government's cooperating witness. When SIGTARP investigators approached House in 2011, his immediate reaction was to admit what he had done and offer to cooperate, which he did for more than eight years. He even shot undercover video of Madjlessi and Lonich during which they described their plan and urged House to lie. House testified at trial for four days and received credit for his cooperation. House's crime was serious in that it directly contributed to the failure of the bank. After indictment, but prior to standing trial, Madjlessi died in a one car accident when his vehicle plunged over a cliff on Highway 1.

SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of Inspector General, and the Federal Deposit Insurance Corporation Office of Inspector General, with the assistance of the Marin County Sheriff's Office, the Sonoma County Sheriff's Office, and the Santa Rosa Police Department. The U.S. Attorney's Office for the Northern District of California prosecuted the case.

### **SIGTARP Agents Arrest TARP Bank Chief Executive Officer Indicted on Bribery and Fraud Charges**

In May 2019, SIGTARP agents arrested Edward Shin, the chief executive officer of TARP recipient Noah Bank, a bank based in Pennsylvania. Shin was indicted on charges of conspiracy to commit wire fraud, conspiracy to commit bank bribery, bank bribery, and theft, embezzlement or misapplication by bank officer. The charges were based on alleged conduct that began in 2009. Shin was indicted for allegedly soliciting and receiving bribes in connection with Small Business Administration guaranteed bank loans and commercial bank loans. Shin is charged with concealing that the loans were issued in violation of SBA rules. Shin allegedly siphoned off a portion of broker commissions on government guaranteed loans, even where there was no broker. Shin also allegedly caused the bank to issue a \$950,000 SBA-guaranteed loan to a New York, New York business in which Shin had a secret interest. Allegedly, this loan later went into default resulting in a loss to the SBA of \$611,491.

SIGTARP was joined in the investigation by Federal Deposit Insurance Corporation Office of Inspector General, Homeland Security Investigations, the Small Business Administration Office of the Inspector General, and the Federal Bureau of Investigation. The U.S. Attorney's Office for the Southern District of New York is prosecuting the case

### **Nomura Securities International Inc. Trader's Conviction Upheld**

On September 20, 2019, a federal appeals court for the Second Circuit upheld the conviction of Michael Gramins, a securities trader at Nomura. After a trial, in June 2017, a federal jury convicted Gramins of conspiracy to commit

fraud related to residential mortgage backed securities (RMBS). Victims of the scheme charged in the indictment included funds through a TARP program that traded in RMBS. Subsequently to the jury verdict, the district court granted Gramin's motion for a new trial. The Court of Appeals reversed the district court and instructed the district court to reinstate the conviction. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney for the District of Connecticut is prosecuting the case.

### **Securities and Exchange Commission Settled Charges that Nomura Securities International Inc. Misled Bond Customers for \$25 Million**

In July 2019, the Securities & Exchange Commission resolved civil charges against Nomura for failure to adequately supervise its traders in mortgage-backed securities. According to the SEC's order, Nomura traders misled customers about the prices at which Nomura had bought securities, the amount of profit Nomura would receive on the customers' potential trades, and who currently owned the securities, with traders often pretending that they were still negotiating with a third-party seller when Nomura has, in fact, already bought a security. The SEC order further found that Nomura lacked compliance and surveillance procedures that were reasonably designed to prevent and detect this misconduct, which inflated the firm's profits at the customers' expense. Nomura agreed to be censured and to reimburse \$24.9 million to customers, which was the firm's profits on the trades with misrepresentations. Under the order, Nomura would reimburse \$24.9 million to customers, which was the firm's profits on the trades with misrepresentations, and pay a \$1.5 million penalty. The order required Nomura to improve its surveillance procedures and internal controls.

### **New Jersey Hotel Owner Convicted of Defrauding TARP Bank in \$15 Million Loan Fraud Resulting in \$3.6 Million Loss**

In April 2019, Meहुल Khatiwala, a New Jersey resident who owned various hotels was convicted of conspiracy to commit bank fraud and three counts of bank fraud for defrauding Cecil Bank. In December 2008, Cecil Bank received an \$11.56 million bailout from TARP. While the bank was in TARP, from 2011 to 2014, Khatiwala defrauded the bank out of \$15 million in loans. The bank suffered \$3.6 million in losses on those loans. In June 2017, Cecil Bank filed bankruptcy, resulting in losses to TARP of more than \$10.6 million.

U.S. Attorney for the District of Maryland Robert Hur whose office prosecuted the case stated, "The defendant used deceit to steal millions of dollars from the victims, which ended up including not only the bank but the American taxpayers." SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the Small Business Administration Office of Inspector General.

### **Federal Court Sentences CFO of Construction Company to Time Served and Supervised Release for Defrauding TARP Recipient Bank of Blue Valley**

A federal court sentenced CFO of KC United, LLC Timothy Fitzgerald to time served and two years supervised release for defrauding Bank of Blue Valley by manipulating the company's finance records to falsify a profit, and falsifying a

letter from an accountant. The bank relied on the falsified documents to extend loans, and lost more than \$877,000 after KC United filed for bankruptcy. The bank's parent company received a \$21.8 million TARP bailout. Treasury suffered a loss of approximately \$500,000 on the TARP bailout in addition to foregoing \$4.9 million in missed dividend payments. SIGTARP was joined in the investigation by the Department of Labor Office of the Inspector General, the Department of Labor Employee Benefits Security Administration, the Internal Revenue Service Criminal Investigation Division and the Federal Bureau of Investigation. The case was prosecuted by the U.S. Attorney's Office for the District of Kansas.

### **Federal Court Sentences Cooperating Defendant for His Role in Multi-million Dollar Life Insurance Scheme That Defrauded TARP Recipient**

In July 2019, a federal court sentenced Joseph Edward Waesche to two years of supervised release and ordered him to pay \$569,327 in restitution after he pled guilty in 2013 to his role in defrauding insurance companies, including a subsidiary of Lincoln National Corporation, which received \$950 million in TARP. Waesche's cooperation enabled the government to obtain a conviction after a bench trial of Daniel Carpenter, who controlled a number of companies that offered life insurance policies through employee welfare benefit plans. The scheme defrauded life insurance companies into issuing 84 high-value life insurance policies with an aggregate death benefit of more than \$459 million on the lives of 76 insureds. Waesche testified at trial for three days against Carpenter. The federal court sentenced Carpenter to two and a half years in prison in December 2018.

SIGTARP was joined in the investigation by the Department of Labor Office of the Inspector General and the Department of Labor Employee Benefits Security Administration's Boston Office. The U.S. Attorney's Office for the District of Connecticut prosecuted the case.

### **Federal Court Sentences Mortgage Company Executive to Three Years in Prison for Fraud Scheme Related to a Bank's Application for TARP**

In July 2019, a federal court sentenced Lend America executive Michael Ashley to three years in prison for his role in a bank fraud conspiracy with Poppi Metaxas, the CEO of Gateway Bank to create the appearance that Gateway had improved its financial condition when it applied to TARP. The court ordered Ashley, who pled guilty in 2011, to pay \$49 million in restitution and \$800,000 in forfeiture.

In August 2008, Gateway Bank's regulator was conducting an examination when the bank applied for TARP in October 2008. While the application was pending, in November 2009, the bank examiner informed the bank that it was concerned about capital levels and toxic assets, and said that the bank needed to increase capital and reduce toxic assets. CEO Metaxas then engaged in a number of fraudulent schemes, including a conspiracy with Ashley at Lend America to make it look like the bank had reduced toxic assets. In March 2009, while the TARP application was pending, Metaxas caused Gateway to engage in roundtrip transactions of \$3.64 million in sham loan proceeds to Lend America, which Ashley transferred out of the bank to three entities he controlled, and back to the bank for a purported down payment for an asset sale. Metaxas proposed a \$15 million sale of toxic assets to the bank's board,

concealing the source of the down payment, and misleading the board. She later lied to bank regulators, all while the TARP application was pending. The bank then was not approved for TARP. In November 2009, Lend America failed, and Gateway wrote off the entire loan. In 2015, the court sentenced Metaxas to one year and six months in prison.

SIGTARP was joined in the investigation by the Federal Bureau of Investigation and the Department of Housing and Urban Development Office of Inspector General. The U.S. Attorney's Office for the Eastern District of New York prosecuted the case.

### **Federal Court Sentences Former Bank of America Banker to Supervised Release**

In April of 2019, a Federal court sentenced Patricia Zavala, a former Bank of America official, to two years supervised release for her role in an investment scheme that caused victims to lose substantial amounts of money. The court sentenced Zavala to pay \$910,329 in restitution. Zavala was essential to a massive fraud scheme by Jerome Arthur Whittington, who the court sentenced in October 2018, to 10 years in federal prison for conspiracy, wire fraud and passport fraud. She played a critical role in helping Whittington defraud victims out of large amounts of money.

Zavala's participation as a Bank of America short sale specialist was critical for deceiving victims into believing Whittington's claims and handing over their money. Whittington told one victim who was worried he might lose his house not to worry about the lender Bank of America because he was "in bed with" the bank and had an "in" through his "girl" who could "pull the short sale properties and lock them down," referring to Zavala. Zavala provided Whittington with lists of short sales properties including the owners' names and identifying information, which she had access to at the bank. She also used her position at the bank to coerce victims to pay Whittington money, participating in telephone calls with the victims, during which she helped Whittington trick the victims. Zavala provided critical credibility to Whittington's claims, and as a result, two victims were defrauded out of a combined nearly one million dollars. One victim family lost their chance to save their home from foreclosure. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney's Office for the Central District of California prosecuted the case.

### **Federal Court Sentences Former Mirae Bank Executive to More than Five Years in Prison for Loan Fraud that Caused More Than \$5.7 Million in Bank Losses**

In May 2019, a federal court sentenced former Chief Marketing Officer Ataollah Aminpour at the now-defunct Mirae Bank to five years and 10 months in federal prison, after he pled guilty in December 2017 to his role in a scheme that caused the Koreatown-based lender to issue more than \$15 million in fraudulent loans, and ultimately caused the bank to suffer more than \$7.5 million losses. Aminpour specialized in providing financing for gas stations and car wash businesses with little or no down payment. He falsified bank loan applications to overstate the purchase price, leaving the bank under collateralized. Defendant Mohsen Hassanshahi purchased a gas station in 2006 and obtained 100% financing through Aminpour and Mirae Bank by submitting false financial statements. Hassanshahi also pled guilty and was sentenced to four years and 5 months in federal prison in August 2018.

FDIC and TARP recipient Wilshire Bank, which acquired Mirae Bank's assets from the FDIC, suffered more than \$33 million in losses on the Aminpour-referred loans. The U.S. Treasury took in excess of a \$3.5 million TARP loss on Wilshire Bank. SIGTARP was joined in the investigation by the Federal Deposit Insurance Corporation's Office of Inspector General, the Federal Bureau of Investigation, and the Federal Housing Finance Agency's Office of Inspector General. The U.S. Attorney's Office for the Central District of California prosecuted the case.

### **Borrowers Convicted of Defrauding TARP Banks in Short Sale Property Scheme**

In July 2019, Jyoteshna Karan, Praveen Singh, and Nani Isaac were convicted of conspiracy, bank fraud and mail fraud. Two additional defendants in the case, Martin Bahrami and Mahendra Prasad, pled guilty to false statements to a lending institution and mail fraud in 2015 and 2017, respectively. In June 2015, SIGTARP agents and our law enforcement partners arrested or served summons on the defendants for defrauding financial institutions out of millions of dollars through a short sale scheme, including multiple banks that were bailed out by TARP. Karan, and Singh are scheduled to be sentenced in federal court in January of 2020; Isaac will be sentenced in November of 2019; and Bahrami and Prasad were sentenced earlier in 2019 and 2017, respectively. SIGTARP was joined in the investigation by Federal Bureau of Investigation, the Federal Housing Finance Agency Office of the Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the Stanislaus County District Attorney's Office. The U.S. Attorney's Office for the Eastern District of California is prosecuting the case.

## TREASURY HOLDINGS IN TARP SECURITIES IN CPP AND CDCI BANKS, AS OF SEPTEMBER 30, 2019

Program	Bank	Outstanding Principal Investment	Missed Dividends	SIGTARP Investigation
<b>Capital Purchase Program (CPP)</b>	One United Bank	\$12,063,000	\$8,986,935	
	Harbor Bankshares Corporation	\$5,308,193		✓
	<b>CPP Total</b>	<b>\$17,371,193</b>	<b>\$8,986,935</b>	<b>1</b>
<b>Community Development Capital Initiative (CDCI)</b>	Carver Bancorp, Inc	\$18,980,000		
	Cooperative Center Federal Credit Union	\$2,799,000		
	D.C. Federal Credit Union	\$500,000		
	North Side Community Federal Credit Union	\$325,000		
	Buffalo Cooperative Federal Credit Union	\$145,000		
	<b>CDCI Total</b>	<b>\$22,749,000</b>	<b>\$0</b>	<b>0</b>
	<b>Grand Total</b>	<b>\$40,120,193</b>	<b>\$8,986,935</b>	<b>1</b>

Sources: Treasury, Transactions Report, September 4, 2019; Treasury, Dividends and Interest Report, September 2019; Treasury, response to SIGTARP data call September 2019.

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PEER REVIEWS

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## SIGTARP PEER REVIEWS

### **Investigations**

In early 2019, the EPA Office of Inspector General (EPA OIG) conducted a Quality Assessment Review of the Investigative Operations of SIGTARP for the period of October 1, 2015 through September 30, 2018.

The EPA OIG issued its letter which stated that “the system of internal safeguards and management procedures for the investigative function of SIGTARP in effect for the period October 1, 2015 through September 30, 2018, is in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the applicable Attorney General guidelines. These safeguards and procedures provide reasonable assurance of conforming to professional standards in the planning, execution and reporting of its investigations and in the use of law enforcement powers.”

### **Audits**

In 2018, the Railroad Retirement Board Office of Inspector General (RRB OIG) conducted a Quality Assessment Review of the SIGTARP Audits. The RRB OIG issued its letter which stated that “the system of quality control for SIGTARP in effect for the year ended March 31, 2018 has been suitably designed and complied with to provide SIGTARP with reasonable assurances of performing and reporting in conformity with applicable professional standards in all material respects.” Generally accepted government auditing standards (GAGAS) requires external peer reviews at least once every 3 years.

Both letters are available on SIGTARP’s website at [www.SIGTARP.gov](http://www.SIGTARP.gov), under “Peer Review Report.”

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# IG EMPOWERMENT ACT REPORTING

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## TREASURY BUDGET PROPOSAL INTERFERES WITH THE INDEPENDENCE OF SIGTARP

The President's budget request sent to Congress proposed cutting SIGTARP's budget to \$17.5 million – 24 percent below SIGTARP's Fiscal Year 2019 appropriations. The Special Inspector General issued 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 President's Budget substantially inhibits SIGTARP from performing our mission.

SIGTARP is also reporting this under the IG Empowerment Act as an attempt by the Treasury Department to interfere with the independence of SIGTARP through budget constraints designed to limit the capabilities of this office. This interference has, in fact, limited this office's capabilities because we no longer have the resources to fund audits that previously found more than \$11 million in waste and squandered TARP dollars by state agencies, as well as investigations over certain areas.

These budget constraints hurt taxpayers. In FY 2019, recoveries from SIGTARP's work were \$899.2 million compared to its \$23 million agency budget, a return on investment of 39, which is common for SIGTARP.

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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

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