Treasury, Fannie Mae, and state housing agencies currently use programs under the Emergency Economic Stabilization Act, as amended by the Consolidated Appropriations Act of 2016, to promote economic stability in response to the COVID-19 pandemic. EESA’s long-term economic stability programs (the Home Affordable Modification Program “HAMP” and the Hardest Hit Fund “HHF”) focus on ongoing housing market needs. This part of EESA lasts until at least 2024 and is not as well known as the TARP bailout, which is largely complete.

SIGTARP conducts criminal and civil investigations and independent audits of these economic stability programs. SIGTARP’s work has resulted in 450 defendants criminally charged, and the recovery of more than $11 billion – a 31 times return on investment.

After the lapse of the CARES Act foreclosure moratorium, HAMP is preventing lenders from foreclosing on more than 700,000 homeowners at risk of foreclosure who live in all 50 states. Foreclosure prevention depends on the lender following the law, HAMP rules, and CARES Act requirements. Treasury and Fannie Mae pay incentives to nearly 120 lenders under contract to administer HAMP. The largest of these are Ocwen Loan Servicing, Wells Fargo, JP Morgan Chase, and Bank of America. In August 2020, Treasury reported a spike in defaults in the Streamline HAMP program. Other HAMP programs may also see spikes in defaults. Treasury has found lenders that wrongfully defaulted homeowners who had made their payments. The Department of Justice, the Consumer Finance Protection Bureau, and state attorney generals have brought enforcement actions against several HAMP financial institutions for violating the law and harming homeowners. SIGTARP’s investigations will be crucial to catch illegal acts that hurt homeowners and could contribute to economic instability.

SIGTARP prioritizes investigating illegal actions by financial institutions paid by Treasury to administer HAMP that can force homeowners into improper foreclosure. We have ongoing confidential investigations, several of which we are working with the Department of Justice. Our proven record of criminal charges against more than 100 bankers, including 77 sentenced to prison, banking regulators banning 81 bankers from the industry, and DOJ and regulator enforcement actions against 24 entities, including HAMP banks, gives us the expertise and experience to find and investigate illegal activity in HAMP. SIGTARP is also auditing HAMP. Most people are surprised to learn that Treasury has paid $21 billion to these institutions. For example, in FY 2019, Treasury paid $290 million to Ocwen, $132 million to Wells Fargo, $129 million to Nationstar, $101 million to JP Morgan Chase, and $59 million to Bank of America. Treasury is obligated or committed to pay an additional $1.6 billion through 2024.

SIGTARP works with DOJ to prosecute defendants scamming homeowners who were seeking foreclosure prevention through HAMP. Already courts have sentenced to prison 96 of these scammers. Although the pandemic has significantly delayed SIGTARP investigations due to court closures and travel restrictions, in August 2020, a Federal court sentenced the two owners of U.S. Homeowners Relief to 12 years and 5 years in prison for a nationwide $3.5 million fraud scheme targeting more than 250 homeowners seeking loan modifications, including through HAMP. The company’s marketing materials implied they were affiliated with HAMP’s umbrella program the Making Home Affordable Program, made specific reference to the government website, and displayed official government logos.

1 FHFA extended the moratorium for only Federally-backed loans through the end of 2020.
Treasury extended and expanded EESA’s Hardest Hit Fund to address pandemic relief. HHF is a grant-like program administered by state housing agencies using $2 billion that Congress appropriated in 2016.

With the expiration of CARES Act unemployment assistance, HHF is filling a high need. Unemployed or underemployed homeowners currently participating in HHF rely on HHF to stay in their home as state agencies provide monthly mortgage payments to their lender. State agencies have reported a surge of applications. In April 2020, Treasury extended this program, citing to employment hardships caused by the COVID-19 pandemic. Treasury has been approving state agencies to reopen HHF unemployment mortgage assistance programs that had closed, shift available money to those programs from HHF down payment assistance, blight demolition or administrative expense budgets, and expand eligibility to cover pandemic-related hardships. We describe each state’s HHF funding in this report. Even a few million dollars for one state agency can help a significant number of homeowners as HHF programs cap assistance (for example, $30,000 per homeowner).

SIGTARP investigates homeowners who steal from the Hardest Hit Fund, and corruption and fraud in the HHF blight demolition program – crimes that decrease dollars available for pandemic relief. SIGTARP has a number of non-public investigations into homeowners who fraudulently obtained HHF mortgage assistance despite knowing that they were not eligible. Although court closures have delayed prosecutions of defendants investigated by SIGTARP, in this report we summarize a number of convictions and indictments in the last six months. We also describe our prior investigations that found corruption in awarding demolition contracts, and fraud related to illegal dumping and contaminated dirt, and our prior audits finding violations of asbestos and other safety rules.

SIGTARP audits identified $11 million in waste by HHF state agencies on employee perks – $11 million that could have been available to help unemployed Americans suffering from the pandemic. SIGTARP’s prior audits found $11 million in waste by state agencies in HHF, including a Mercedes Benz, a motivational speaker who spoke about “Motivation by Chocolate,” holiday parties, picnics, celebratory dinners, employee gifts, employee gym memberships, flowers, gift cards, steak and seafood lunches, conferences at resorts, etc. State agency employees were the first recipients of the $2 billion that Congress appropriated to HHF in 2016. One state agency paid $549 for an employee lunch at a restaurant, “to celebrate getting new HHF funds and an employee’s upcoming wedding.” Another state agency threw big catered barbeques with tiki torches and other decor, inviting 50, 60, and 90 people, including Treasury officials, and charging it to HHF. The spending was lavish and short sighted. Absent this waste, state agencies could have had an additional $11 million to respond to the flood of applications by Americans suffering from COVID-19 pandemic unemployment. SIGTARP’s role brings accountability to ensure EESA dollars are spent as Congress intended, to promote economic stability, not employee perks.

I would welcome an opportunity to speak with you further about SIGTARP’s work.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General
Mission

Prevent and detect fraud, waste, and abuse in the more than $442 billion appropriated by Congress through the Emergency Economic Stabilization Act (EESA) and $2 billion appropriated through the Consolidated Appropriations Act of 2016, and to promote economy, efficiency, effectiveness, and accountability in these economic stability programs. SIGTARP conducts investigations of suspected illegal activity, and also independently audits, these EESA long-term economic stability programs.

EESA has two parts:

1. Short-term Treasury purchases of “troubled assets,” which led to investments in banks, insurance companies and automotive companies - these programs have been largely completed, as has SIGTARP’s work in this area; and

2. Long-term programs intended to bring economic stability to the financial industry and communities by protecting home values and preserving homeownership - programs that spent $1.8 billion in fiscal year 2019 - and will continue to operate until at least 2024.

Under these long-term economic stability programs, the Department of Treasury and Fannie Mae (with assistance from Freddie Mac) run a program that funds incentives to more than 150 financial institutions, including some of the largest in our nation, to lower mortgage payments to terms that are affordable and sustainable for homeowners at risk of foreclosure. Treasury also funds grant-like programs administered by housing finance agencies in 19 states, including providing foreclosure relief to homeowners unemployed or underemployed due to the COVID-19 pandemic.
ABOUT US

SIGTARP currently conducts criminal and civil investigations, and independently audits, the Emergency Economic Stabilization Act’s (“EESA”) long-term economic stability programs (the Home Affordable Modification Program “HAMP” and the Hardest Hit Fund “HHF”). Treasury, Fannie Mae, and state housing agencies respond to ongoing housing market issues through EESA programs, including national economic instability resulting from the COVID-19 pandemic.

- **HAMP**: HAMP continues to prevent foreclosures for more than 700,000 Americans after the lapse of the foreclosure moratorium in the CARES Act. Treasury and Fannie Mae pay incentives to financial institutions to lower mortgages to affordable and sustainable terms. Payments are not automatic, but require institutions to follow the law and HAMP rules.

- **Hardest Hit Fund**: In the 2016 Consolidated Appropriations Act, Congress authorized an additional $2 billion, and updated HHF from responding to the financial crisis to respond to ongoing housing market needs. In 2020, Treasury extended HHF until at least 2022. State housing agencies are using HHF to provide mortgage assistance for Americans facing unemployment and underemployment due to the pandemic.

**SIGTARP Investigations:** Primarily a law enforcement office, SIGTARP delivers justice and accountability for fraud, corruption or other illegal acts that harm EESA programs and put taxpayer dollars at risk. SIGTARP has concurrent jurisdiction with the FBI, and supports DOJ’s prosecutions.

*449 defendants have been criminally charged as a result of SIGTARP investigations.* SIGTARP has a 97 percent DOJ conviction rate. Already 389 defendants have been convicted, 300 of them sentenced to prison, while others await trial/sentencing. SIGTARP’s investigations have led to prosecutions of more than 100 bankers (including 77 sentenced to prison) and DOJ enforcement actions against the largest banks. This proven record gives us the expertise to investigate financial institutions in HAMP. SIGTARP also found defendants who scammed 30,000 homeowners trying to access HAMP, including 98 sentenced to prison. SIGTARP also investigates fraud, corruption, and environmental crimes in EESA-funded blight demolitions, and investigates homeowners stealing from HHF.

*More than $11 billion has been recovered and SIGTARP has a cumulative 31 times return on investment.* SIGTARP has one of the highest returns on investment of any office of inspector general. Each year, dollars recovered from SIGTARP’s work far exceed our cost. In FY 2020 alone, the Federal government and victims recovered more than $157 million based on SIGTARP’s investigations. FY 2019 recoveries were $900 million.

**SIGTARP Audits:** SIGTARP audits protect taxpayer dollars, speed assistance to Americans, and prevent future fraud, waste and abuse. SIGTARP identified $11 million wasted by HHF state agencies on a Mercedes Benz, parties, catered barbeques, employee gifts, and other perks. SIGTARP has recommended significant cost savings, identified mismanagement in HHF, and identified violations of legal and safety requirements in demolitions of blighted properties.
The Making Home Affordable (MHA) program pays lenders to lower mortgage payments for homeowners at risk of foreclosure.

$21.3 billion has been spent, including $657.6 million in FY2020. Up to $1.6 billion is available to be spent into FY2024.

As of September 17, 2020

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

$9.6 billion spent, including $151.7 million spent in 2020. $492.3 million is available to be spent into FY2022.

As of June 30, 2020
As of October 21, 2020 | Convictions include four vacated due to death or cooperation | Charges are not evidence of guilt | Many defendants await trial and sentencing

Return on investment based on SIGTARP’s annual budget 2010 – 2020

SIGTARP AUDITS IDENTIFY FRAUD, WASTE AND ABUSE, AND DETER FUTURE WRONGDOING

Nevada’s Hardest Hit Fund wasted $8.2 million while all but stopping admitting new homeowners $3 million in Hardest Hit Fund administrative expenses were squandered by state housing agencies

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

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

Georgia mismanaged the state’s Hardest Hit Fund, failing to meet the urgent needs of Georgian homeowners and wasting $18.6 million

Blight demolition program faces asbestos exposure, illegal dumping and contaminated soil risks

Most of the Hardest Hit Fund has no federal competition requirements for contract awards

Hardest Hit Fund travel and conference expenses

Blight demolition greening and maintenance activities

RECENT FINDINGS

OPEN AUDITS

SENTENCED TO PRISON

450
Criminally Charged

389
Convicted

305
Including

3
HHF contractors, program officials & homeowners

98
Scammers of Homeowners

92
Bank Borrowers

77
Bankers

$11 Billion = 31x

Recovered from Investigations

Return on Investment
SIGTARP investigations have led to enforcement actions against TWENTY FOUR institutions
<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars Recovered</td>
<td>$157.3 Million</td>
</tr>
<tr>
<td>Criminal Charges</td>
<td>11</td>
</tr>
<tr>
<td>Arrests</td>
<td>5</td>
</tr>
<tr>
<td>Convictions</td>
<td>7</td>
</tr>
<tr>
<td>Sentenced to Prison</td>
<td>11</td>
</tr>
<tr>
<td>Debarments</td>
<td>4</td>
</tr>
<tr>
<td>Prosecutorial Referrals</td>
<td>14</td>
</tr>
<tr>
<td>• Justice Department Referrals</td>
<td>12</td>
</tr>
<tr>
<td>• State and Local Referrals</td>
<td>2</td>
</tr>
<tr>
<td>• Prosecutor Declinations</td>
<td>1</td>
</tr>
<tr>
<td>Hotline Complaints</td>
<td>638</td>
</tr>
<tr>
<td>Audit Products</td>
<td>4</td>
</tr>
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</table>
SIGTARP'S OVERSIGHT OF MAKING HOME AFFORDABLE AND HOME AFFORDABLE MODIFICATION PROGRAMS
WITH THE EXPIRATION OF THE FORECLOSURE MORATORIUM, HAMP IS PREVENTING FLORECLOSURES FOR THE MORE THAN 700,000 PARTICIPANTS, WHO LIVE IN ALL 50 STATES

The Home Affordable Modification Program (“HAMP”), the signature program of EESA’s Making Home Affordable program, addresses ongoing housing market issues; including housing market distress as a result of the COVID-19 pandemic. Treasury and Fannie Mae pay incentives to financial institutions for six years to lower and modify mortgages for participating homeowners to levels that are affordable and sustainable. This long-term EESA foreclosure prevention program lasts through at least 2024.

With the expiration of the foreclosure moratorium in the CARES Act, HAMP continues to prevent foreclosures for the more than 700,000 participants who live in all 50 states. In August 2020, Treasury reported a spike in delinquencies in the HAMP Streamline program, which Treasury officials attributed to the COVID-19 pandemic. Other HAMP programs may also see spikes in delinquencies because, if the homeowners fall three payments behind, the lender will cancel them out of the HAMP program, opening them up to foreclosure. Widespread defaults contribute to greater economic instability.
HAMP’s Prevention of Foreclosures Given the Lapse of CARES Act Foreclosure Moratorium

Economic stability programs, including HAMP, continue to be critical to the financial well-being of many Americans. Even before the COVID-19 pandemic, a July 2019 Gallup survey showed that 40 percent of Americans said they were running into debt or barely making ends meet despite national economic success, leading to personal financial insecurity. The COVID-19 pandemic has led to national economic instability not seen since the financial crisis, which will likely result in increased personal financial insecurity for the foreseeable future. In addition to the more than 700,000 homeowners still receiving mortgage assistance in the program, and the $21.3 billion that Treasury has disbursed to the financial institutions in HAMP, Treasury will disburse $1.6 billion in the future to these financial institutions.

### SPENDING IN THE MAKING HOME AFFORDABLE PROGRAM

<table>
<thead>
<tr>
<th>Institution</th>
<th>Dollars paid</th>
<th>Obligated or Committed to be paid</th>
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</thead>
<tbody>
<tr>
<td>150 Financial Institutions*</td>
<td>$21.3 Billion</td>
<td>$1.6 Billion</td>
</tr>
<tr>
<td>CIT Bank, OneWest Bank</td>
<td>$430 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>Bank of America.</td>
<td>$71 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>JPMorganChase</td>
<td>$96 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>SPS Select Portfolio Servicing, Inc.</td>
<td>$191 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>Nationstar Mortgage</td>
<td>$213 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>citi mortgage</td>
<td>$56 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>Well Fargo</td>
<td>$148 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>Ocwen</td>
<td>$365 Million</td>
<td>Obligated or Committed to be paid</td>
</tr>
<tr>
<td>First American</td>
<td>$1.7 Billion</td>
<td>Dollars paid</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>$1.6 Billion</td>
<td>Dollars paid</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>$3.2 Billion</td>
<td>Dollars paid</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>$3.3 Billion</td>
<td>Dollars paid</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>$5.5 Billion</td>
<td>Dollars paid</td>
</tr>
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</table>

Source: SIGTARP’s October 2020 analysis of Treasury and Fannie Mae’s most recent MHA data; Treasury, Aggregate Cap Monitoring Report - September 2020; SIGTARP analysis of Treasury and Fannie Mae MHA data. A total of 157 institutions have been paid or are eligible to be paid future funds through MHA, of which 119 will still receive payments subsequent to 9/25/2020.
In FY 2019, Treasury and Fannie Mae distributed $1.2 billion to 120 financial institutions in HAMP to lower and modify mortgages for participating homeowners. Federal payments are not automatic and require the financial institution to follow the law and HAMP rules. Treasury and Fannie Mae payments in FY 2020 included $156 million to Ocwen Loan Servicing, $72 million to Wells Fargo, $83.6 million to Nationstar Mortgage, $39 million to JP Morgan Chase, $42 million to Specialized Loan Servicing, and $36 million to Bank of America.

**TOP 10 FINANCIAL INSTITUTIONS AND TOTAL SPENT IN FY 2020**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ocwen Loan Servicing, LLC</td>
<td>155,579,314</td>
</tr>
<tr>
<td>2</td>
<td>Select Portfolio Servicing, Inc.</td>
<td>104,667,108</td>
</tr>
<tr>
<td>3</td>
<td>Nationstar Mortgage, LLC</td>
<td>83,566,304</td>
</tr>
<tr>
<td>4</td>
<td>Wells Fargo Bank, N.A.</td>
<td>72,182,516</td>
</tr>
<tr>
<td>5</td>
<td>Specialized Loan Servicing LLC</td>
<td>41,637,097</td>
</tr>
<tr>
<td>6</td>
<td>JPMorgan Chase Bank, NA</td>
<td>38,872,878</td>
</tr>
<tr>
<td>7</td>
<td>Bank of America, N.A.</td>
<td>36,309,630</td>
</tr>
<tr>
<td>8</td>
<td>MidFirst Bank</td>
<td>23,691,386</td>
</tr>
<tr>
<td>9</td>
<td>Carrington Mortgage Services, LLC</td>
<td>20,428,051</td>
</tr>
<tr>
<td>10</td>
<td>CitiMortgage, Inc.</td>
<td>13,414,491</td>
</tr>
</tbody>
</table>

$Spent in FY2020 $657,640,716

Source: SIGTARP’s October 15, 2020 analysis of Treasury’s most recent MHA data; Treasury, Aggregate Cap Monitoring Report - September 2020

**SIGTARP’S OVERSIGHT OF HAMP**

SIGTARP conducts criminal and civil investigations and independently audits to uncover fraud, waste, abuse, ineffectiveness and inefficiency that hurt HAMP and put taxpayer dollars at risk. SIGTARP’s investigations have led to prosecutions of more than 100 bankers (including 77 sentenced to prison) and Department of Justice enforcement actions against the largest banks. This proven record gives us the expertise to investigate financial institutions in HAMP, which is a high priority. SIGTARP has a number of open, confidential investigations in this area, several of which SIGTARP has referred to the DOJ. SIGTARP also found defendants who scammed 30,000 homeowners trying to access HAMP, resulting in 98 sentenced to prison, including two in this reporting period.
98 DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON

SIGTARP’s investigations into the HAMP program have protected consumers seeking access to that program that became the victims of fraud. SIGTARP brought justice to 121 convicted scammers.

Nearly 30,000 Homeowners across all 50 States were Victims of Scammers

Total Victim Households 29,734
Victims with no State listed 3,232
SIGTARP’S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Judge Sentences to 12 Years in Prison and 5 Years in Prison the Co-Owners of U.S. Homeowners Relief for a Nationwide $3.5 Million Fraud Scheme Targeting More Than 250 Homeowners Seeking Loan Modifications, Including Through HAMP

In August 2020, a federal court sentenced Aminullah Sarpas to 12 years in prison after a jury convicted him on 10 counts of conspiracy and mail fraud, and sentenced co-owner Samuel Paul Bain, who plead guilty, to 5 years in prison. In July 2014, SIGTARP agents and our law enforcement partners arrested Sarpas and Bain, co-owners 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 Bain demanded up front fees of up to $4,200 from homeowners in exchange for false promises of securing mortgage loan modifications on their behalf, touting a 97 percent success rate in securing modifications, and advertising money-back guarantees. The company’s marketing materials implied they were affiliated with HAMP’s umbrella program, the Making Home Affordable Program, making specific reference to the government website 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. SIGTARP was joined in the investigation by the U.S. Postal Inspection Service 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.
SIGTARP'S OVERSIGHT OF THE HARDEST HIT FUND
HHF IS CURRENTLY BEING USED TO PROMOTE ECONOMIC STABILITY DURING THE COVID-19 PANDEMIC

In Section 709 of the Consolidated Appropriations Act of 2016, Congress amended EESA to extend the Hardest Hit Fund’s end date, move $2 billion from HAMP to HHF, and change HHF from a financial crisis program to one focused on assistance for ongoing housing market needs. Treasury describes this change on its website as Congress recognizing, “the current and persistent need among HHF states.” Treasury further explains, “While state unemployment rates and home prices have generally improved, many homeowners and neighborhoods continue to face obstacles.” From 2016 forward, HHF moved beyond the scope of the financial crisis response program that was initially established through EESA.

Given the high levels of unemployment caused by the pandemic, in April 2020, SIGTARP recommended that Treasury put to better use all available funding under EESA programs to promote economic stability in light of the pandemic. This includes funding in HHF that was not estimated to be spent or was allocated for needs such as down payments for homeowners or blight demolition that was not as immediate as unemployment mortgage assistance. SIGTARP also recommended that Treasury seek Congressional action similar to that in 2016 to move to HHF any HAMP funding estimated not to be used, rather than de-obligate that funding as Treasury had deobligated $4.3 billion in FY 2018-19.

HHF is currently being used to promote economic stability during the COVID-19 pandemic in two ways. First, unemployed or underemployed homeowners already participating in HHF pre-pandemic who continue to rely on HHF to stay in their home as state agencies provide monthly mortgage payments to their lender. Second, state housing agencies in HHF have reported a surge of applications to HHF. Some with programs open to applicants have been able to help immediately. Some who had closed their HHF unemployment assistance programs to new applicants have asked Treasury to allow them to reopen the programs. Other state agencies have asked Treasury to allow them to shift dollars to new unemployment programs, and allow for pandemic-related hardships.

HHF’s existing infrastructure is readily available to Congress, Treasury and state housing agencies to deploy mortgage assistance rapidly to address unemployment and underemployment (HHF’s traditional form of assistance) related to the COVID-19 pandemic. Since January 2020, Treasury no longer publishes information on program performance in HHF, even though Treasury requires states to report this to Treasury quarterly. This includes, for example, the number of people who applied for each HHF program, how many were turned away, how many received assistance and the cumulative and median assistance amount, and the characteristics of those receiving HHF such as income and mortgage delinquency levels.² All state’s quarterly reporting is not easily found. The link for some states is broken (for example, Mississippi and DC), or on different websites than HHF program information.

Treasury Extended and Expanded the Hardest Hit Fund to Address Mass Unemployment due to the COVID-19 Pandemic after State Housing Agencies Experienced Surges of Applications for Mortgage Assistance

Since April, Treasury has been implementing the first part of SIGTARP’s recommendation after HHF state agencies experienced a surge of homeowner requests for HHF assistance related to the pandemic.

In April 2020, Treasury extended deadlines on a program-wide basis after a surge of applications. Treasury extended a number of deadlines in the program to account for the time needed for states to open new programs, reopen programs that had closed to new applicants, and process new homeowner applications. State agencies can now spend available funds through December 31, 2021, or a later date to be determined by Treasury. Treasury does not publish information on the amount of HHF funds that each state still has available to spend.

According to Treasury reports, there is a total of $492.3 million available in HHF (in addition to future recoveries that are likely to be fairly substantial from liens where the house is sold prior to the loan forgiveness period) including:

1. **$401.2 million:** (1) the remaining funding from 2016 allocated to states from Treasury (as of June 30, 2020, Treasury’s latest numbers); and (2) their portion of $509 million in income such as existing lien recoveries and $26 million in interest income (as of June 2020).

2. **$91 million:** Treasury has available from two states (California and Florida) who returned the funds in April and January 2020, respectively, when they shuttered HHF, that Treasury can and should reallocate to states with open HHF programs, just as SIGTARP recommended in April 2020.

3. **Future program income from recoveries from liens or SIGTARP investigations, and interest income:** State agencies have the ability to roll interest income and lien recoveries back into the program for execution. Additionally, in court sentencings of defendants investigated by SIGTARP, the defendant must pay restitution and/or forfeiture, which would be also recycled into HHF.

Over the last seven months, many HHF states have been using HHF to help more people stay in their homes who are suffering financially from the COVID-19 pandemic. Some states require Treasury approval, and Treasury has been approving state requests citing to mass unemployment caused by the COVID-19 pandemic. Some state agencies with open HHF mortgage assistance programs have been able to use HHF to address the pandemic without Treasury’s approval. Treasury amended its contracts with seven state agencies (AL, IN, KY, MS, NV, OR, & RI) to use HHF to address pandemic-related unemployment or other loss of income, for example due to a medical condition or death of a spouse. The remaining state agencies may be analyzing available funds, reviewing applications, and/or have reported being in talks with Treasury.

In 2020, there was significant activity in HHF, with state agencies spending $151.7 million, providing $135.1 million in assistance to homeowners, homebuyers, or to fund blight demolitions plus spending $16.6 million on administrative expenses, outreach and counseling. The exact number of Americans assisted is not known. State agencies’ quarterly performance reports do not show whether the homeowners assisted from one quarter to another overlap. SIGTARP has included the number of homeowners assisted in each quarter of 2020 below as reported in the performance reports to the extent it was clearly marked in the “borrower assisted” category.

Even a few million dollars can help a significant number of people in each state. HHF programs typically cap assistance (for example $30,000 per homeowner).
ALABAMA - $62.65 million available

For the first two quarters of 2020, the Alabama agency reported receiving $68,205 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Alabama agency provided $3.38 million in assistance to homeowners.

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

In the existing Hardest Hit Fund for Alabama’s Unemployed Homeowners program, the Alabama state agency provided $1.156 million in assistance to existing and 13 new homeowners (including eight unemployed and five underemployed) in the last reported quarter ended June 30, 2020. The Alabama state agency provided $2.1 million in assistance to existing and 38 new homeowners (including 18 unemployed and 20 underemployed) in the first quarter of 2020, and $160,000 to seven homeowners in the HHF Loan Modification Assistance program. Almost all of the homeowners assisted had an income under $50,000.

ARIZONA - $8.37 million available

For the first two quarters of 2020, the Arizona agency reported receiving $2.437 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Arizona agency provided $4.67 million in assistance to homeowners in the Save Our Home AZ open HHF program that offers unemployment and underemployment mortgage assistance program, principal reduction and second lien elimination, including paying a homeowner’s mortgage for 12 months capped at $100,000.

In its last two quarterly reports, the state agency stated, “The economic events related to COVID-19 has resulted in an increase of requests for Un/Underemployment mortgage assistance as anticipated.” Governor Ducey’s April 1, 2020 press release “Providing Relief to Arizonians Impacted by COVID-19” includes the Save Our Home AZ program. The state housing agency’s website lists the program with the following link: Assistance Options for Homeowners Impacted by COVID-19.

In the first quarter of 2020 ending March 30, 2020, the Arizona agency provided $3.44 million in assistance to existing and 76 new homeowners, including 67 homeowners in the unemployment/underemployment program - 73 percent of which were delinquent on their mortgage by 90 days or more.

In its latest quarterly report through June 30, 2020, the Arizona agency provided $1.2 million in assistance to existing and 49 new homeowners, including 32 who were unemployed, nine underemployed, and seven with a medical condition. Of these homeowners, 80 percent had an income under $50,000.
DISTRICT OF COLUMBIA- $6.43 million

For the first two quarters of 2020, the District of Columbia agency reported receiving $42,538 in lien recoveries that get recycled back into the program. In 2020, the DC agency provided $206,885 in assistance to homeowners under the HHF HomeSaver DC program, which closed to new applications on July 12, 2019. It was not clear from the DC agency’s reporting how many homeowners received that assistance.

On August 11, 2020, Mayor Bowser announced the relaunch of a non-HHF DC Mortgage Assistance Program (DC MAP) to provide financial relief to District homeowners who have been affected by the COVID-19 pandemic. Through DC MAP COVID-19, qualified borrowers can receive a loan of up to $5,000 monthly toward their mortgage for up to six months through local funding.

GEORGIA - $24.93 million available

For the first two quarters of 2020, the Georgia agency reported receiving $1.766 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Georgia agency provided $12.99 million in assistance to homeowners and homebuyers.

As of March 31, 2020, the Georgia agency closed to new applicants its HomeSafe Georgia program that provided a one time $50,000 payment to a lender to reinstate a delinquent mortgage. The Georgia agency accepted applications through the end of August for the Georgia Dream homebuyer program that provides $15,000 in down payment assistance to first time homebuyers. In the first quarter of 2020 ending March 30, 2020, the Georgia agency provided $4.38 million in down payment assistance to existing and 292 new homebuyers, and $2.1 million to reinstate delinquencies for 152 homeowners (almost all of which were delinquent 90 days or more). From April to June 30, 2020, the Georgia agency provided $4.455 million in down payment assistance to existing and 297 new first time homebuyers. During that same quarter, the Georgia agency provided $1.637 million to existing and 106 new homeowners (unemployed, underemployed, medical condition etc). Nearly all (96 percent) of the existing and 106 new homeowners were delinquent on their mortgage 90 days or more.

ILLINOIS - $15.35 million available

For the first two quarters of 2020, the Illinois agency reported receiving $2.764 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Illinois agency provided $16.576 million in assistance to homeowners and homebuyers.

In 2020, the Illinois HHF program provided $7.935 million in down payment assistance for first time homebuyers, after closing the HHF Homeowner Emergency Loan Program (HELP) to new applicants on April 30, 2019. That program provided up to 12 months of mortgage assistance capped at $35,000 for homeowners who were unemployed, underemployed or had a loss of income due to a health condition, death of a spouse or divorce. In the first quarter of 2020 ending March 30, 2020, the Illinois agency provided $5.79 million in down payment assistance to existing and 773 new homebuyers. From April to June 30, 2020, the Illinois agency provided $2.145 million in down payment assistance to existing and 286 new homebuyers. In 2020, the Illinois agency also provided assistance to a small number of homeowners.
The Illinois Housing Development Authority, through the Coronavirus Urgent Remediation Emergency Fund, established the non-HHF Emergency Mortgage Assistance Program to support Illinois homeowners unable to pay their mortgages due to a COVID-19 related loss of income. The application window closed on September 4, 2020.

**INDIANA - $29.19 million available**

For the first two quarters of 2020, the Indiana agency reported receiving $1.11 million in lien recoveries that get recycled back into the program. In 2020, the Indiana agency provided $7.5 million in assistance to homeowners, and $2.65 million to fund the demolition of 124 blighted properties.

During that time, the Indiana agency provided $4.86 million to Indiana homeowners in the HHF Unemployment Bridge Program that provides up to six months of mortgage payments or $30,000 to catch up on missed payments for those who lost employment or employment income. In the first quarter of 2020, when the program was only open to existing participants, the agency provided $2.75 million to existing and 185 new homeowners – 92 percent were 90 days or more delinquent on their mortgage.

On April 6, 2020, after Treasury approval, the Indiana agency reopened the program to new applicants due to financial hardships resulting from the COVID-19 pandemic. The Indiana HHF website describes the program reopening, “The COVID-19 pandemic has financially impacted thousands of Hoosier families. The HHF program provides assistance to homeowners who are experiencing an involuntary loss of employment or reduction in employment income.” From April through June 30, 2020, the Indiana HHF program provided $2.1 million in payments to and helped existing and 148 new homeowners – 85 percent were 90 days or more delinquent. Most of the homeowners suffered from unemployment or underemployment. The next highest category of hardships was loss of income due to a medical condition.

**KENTUCKY - $24.05 million available**

For the first two quarters of 2020, the Kentucky agency reported receiving $817,680 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Kentucky agency provided $307,418 in assistance to homeowners and homebuyers.

On April 2, 2020, after Treasury approval, the Kentucky Housing Corporation reopened the HHF Unemployment Bridge Program to pay six months of a homeowner’s current mortgage payments and all other mortgage-related expenses during their time of unemployment or underemployment, capped at $10,000. In a press release, it was noted, “In light of the financial hardships faced by many Kentucky homeowners due to the COVID-19 pandemic, Kentucky Housing Corporation (KHC) is reactivating its Unemployment Bridge Program (UBP) for a limited time, effective immediately. KHC has funding available to help approximately 1,500 homeowners with this program.” Prior to that, it only provided assistance for homebuyers not homeowners (providing $270,000 in down payment assistance for 24 homebuyers in the first quarter of 2020). In the last reported quarter (April through June 30, 2020), the Kentucky agency provided $7,501 in assistance to existing and three new homeowners, two who were unemployed and one who was underemployed. During that quarter, the Kentucky agency did not provide down payment assistance to homebuyers.
MICHIGAN - $18.03 million available

For the first two quarters of 2020, the Michigan agency reported receiving $977,303 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Michigan agency provided $5.32 million in assistance to homeowners and homebuyers, and $42.7 million to fund the demolition of 2,249 blighted properties.

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

In the first quarter of 2020 ending March 30, 2020, the Michigan agency provided $1.02 million in assistance to existing and 150 new homeowners under the Loan Rescue program, 93 percent of them delinquent on their mortgage 90 days or more, and 80 percent with incomes under $50,000. That same quarter, the Michigan agency provided $2.88 million in down payment assistance to existing and 192 new homebuyers.

In the last reported quarter April through June 30, 2020, the Michigan agency provided $932,541 in assistance to existing and 144 new homeowners under the Loan Rescue Program, 97 percent of them delinquent on their mortgage 90 days or more, and 76 percent with incomes under $50,000. Also in the last reported quarter, the Michigan agency provided $489,951 in down payment assistance to existing and 33 new homebuyers.

MISSISSIPPI - $30.36 million available

For the first two quarters of 2020, the Mississippi agency reported receiving $87,606 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Mississippi agency provided $2.04 million in assistance to homeowners, and paid $67,680 to fund demolitions of four blighted properties in Columbus.

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

In the first quarter of 2020 ending March 30, 2020, the Mississippi agency provided $1 million in assistance to existing and 50 new homeowners under the Home Saver program, nearly all of them had incomes under $50,000. In the second quarter April through June 30, 2020, the Mississippi agency provided $1.03 million in assistance to existing and 81 new homeowners, all with incomes under $50,000.
NEVADA - $19.13 million available

For the first two quarters of 2020, the Nevada agency reported receiving $490,946 in lien recoveries that get recycled back into the program plus interest income. In 2020, the Nevada agency provided $1.3 million in assistance to homeowners.

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

In the last reported quarter April through June 30, 2020, NAHAC reported that it provided only $93 in assistance, and spent $509,194 on administrative expenses, outreach and counseling. In the first quarter of 2020, NAHAC provided $775,386 in principal reduction to existing and nine new homeowners, $330,619 in mortgage assistance to existing and 11 new homeowners, all with incomes below $50,000, and $221,068 in mortgage reinstatement assistance to existing and 11 new homeowners.

NEW JERSEY - $30.11 million available

For the first two quarters of 2020, the New Jersey agency reported receiving $1.658 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the New Jersey agency provided $5.61 million in down payment assistance to existing and 563 new homebuyers. The New Jersey agency is no longer providing any HHF assistance to homeowners under its HHF Home Saver program that provided up to $50,000 in mortgage assistance to homeowners that were unemployed, underemployed or experiencing additional hardships such as loss of income due to a medical condition. In March, Governor Phil Murphy announced a non-HHF state housing counseling initiative to help New Jersey homeowners who are threatened with a loss of housing due to the COVID-19 crisis, focusing on loan modifications.

NORTH CAROLINA - $52.73 million available

For the first two quarters of 2020, the North Carolina agency reported receiving $6.7 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the North Carolina agency provided $8.28 million in assistance to homeowners.

The North Carolina HHF program is closed to new applications. However, it continues to provide assistance for existing participating homeowners. In the first quarter ended March 30, 2020, the North Carolina agency provided more than $6 million in assistance to existing and 115 new homeowners. This included mortgage assistance to 89 homeowners, 85 percent that were delinquent on their mortgage 90 days or more. It also includes 36 homeowners that received principal reduction recast or lien extinguishment. In the latest reported quarter April through June 30, 2020, the North Carolina agency provided $2.23 million in mortgage assistance, although it is not clear how many homeowners received that assistance.
OHIO - $16.08 million available

For the first two quarters of 2020, the Ohio agency recycled $8.5 million in reported lien recoveries back into the program plus interest income. In 2020, the Ohio agency paid $15.28 million to fund demolitions of 1,069 blighted properties. HHF unemployment mortgage assistance program Save the Dream Ohio closed to new applicants last year in October 2019, and the Ohio agency no longer provides HHF assistance to homeowners.

OREGON - $25.02 million available

For the first two quarters of 2020, the Oregon agency reported receiving $4.6 million in lien recoveries that get recycled back into the program plus interest and other income. In 2020, the Oregon agency provided $12.71 million in assistance to homeowners.

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

The existing HHF Home Rescue program continues to help participating Oregon homeowners stay in their home, although it is closed to new applicants. The Oregon agency provided $7.4 million in assistance to existing and 210 new homeowners in the first quarter ending March 30, 2020. The Oregon agency provided $5.3 million in assistance to existing and 168 new homeowners in the last reported quarter (April through June 30, 2020).

RHODE ISLAND - $4.93 million available

For the first two quarters of 2020, the Rhode Island agency reported receiving $705,636 in lien recoveries that get recycled back into the program plus interest income. In the first two quarters of 2020, the Rhode Island agency reported providing $638,937 to homebuyers and homeowners.

In August 2020, after Treasury approval, the Hardest Hit Fund Rhode Island introduced a new HHF Program. The COVID-19 Mortgage Payment Assistance Unemployment Program offers eligible homeowners a five-year, zero interest forgivable loan to pay up to six months of mortgage payments or up to $50,000. Senator Jack Reed said, "Too many Rhode Islanders have already lost their jobs during this pandemic, and we can't afford to have families lose their homes as well. This federal funding will help more families stay safe as they navigate the evolving challenges of COVID....". The program is open only to Rhode Island homeowners facing unemployment/underemployment as a result of the COVID-19 pandemic. Prior to the new program, HHF primarily provided down payment assistance to homebuyers.
SOUTH CAROLINA - $15.36 million available

For the first two quarters of 2020, the South Carolina agency reported receiving $612,612 in lien recoveries that get recycled back into the program plus interest and other income. In 2020, the South Carolina agency provided $3.8 million in assistance to homebuyers.

The HHF unemployment mortgage assistance program in South Carolina SC Help is closed to new applicants. In the first quarter ending March 30, 2020, the South Carolina agency only provided HHF down payment assistance for homebuyers, providing more than $2 million to existing and 138 new homebuyers. In the last reported quarter (April through June 30, 2020), South Carolina HHF provided $1.45 million to existing and 96 new homebuyers.

TENNESSEE - $18.44 million available

For the first two quarters of 2020, the Tennessee agency reported receiving $1.59 million in lien recoveries that get recycled back into the program plus interest income. In 2020, the Tennessee agency provided $432,859 million in assistance to homeowners.

In the first quarter of 2020, the Tennessee agency provided $36,789 to existing and three new underemployed homeowners participating in the Reinstate program, who were more than 90 days delinquent on their mortgage. In the last reported quarter April through June 30, 2020, the Tennessee agency did not provide any HHF assistance. The only open HHF program was blight demolition.
SIGTARP Investigations

SIGTARP investigates corruption, bribery, other anti-competitive acts, fraud, and environmental crimes in the HHF blight demolition subprogram. SIGTARP also investigates fraud in the HHF mortgage assistance programs. SIGTARP supports the Department of Justice in prosecuting crimes that SIGTARP investigated. SIGTARP may also work with state or local authorities. Results of SIGTARP’s corruption investigations into HHF blight demolitions include:

- In FY 2019, the Detroit city official in charge of demolition bids for HHF was sentenced to prison after his conviction for bribery related to HHF contracts.
- In FY 2019, a senior official from one of the largest contractors in HHF blight in Detroit was sentenced to prison for bribery related to HHF contracts.
- In FY 2020, the head of a major Detroit demolition subcontractor was barred for 20 years from contracts in Detroit for paying bribes for HHF contracts.
- In FY 2019, an official from a land bank in Cleveland, Ohio that served as the state agency’s program partner responsible for awarding demolition contracts in the HHF blight program was indicted for bribery, conspiracy to commit bribery, and fraud related to HHF contracts. As courts are closed due to the COVID-19 pandemic, the FY 2020 trial has been postponed.

Results of SIGTARP’s fraud investigations in HHF blight demolitions include:

- In FY 2020, SIGTARP agents arrested an Illinois contractor charged with fraud in HHF demolitions. The Department of Justice charged the contractor with failing to dispose of demolition debris properly, and allegedly disposing of the demolition debris in unknown locations enabling him to avoid the registered facility fee. According to the indictment, the contractor allegedly submitted false disposal, dumping, and clean fill dirt documentation.
- In FY 2020, SIGTARP agents arrested an Indiana contractor who the Department of Justice charged with submitted false documents for HHF demolitions stating that he properly disposed of demolition debris. The indictment alleges that the contractor improperly disposed of demolition debris.
- In FY 2019, the Department of Justice resolved False Claims Act violations against Martin Enterprise to which the city of Fort Wayne, Indiana had awarded all HHF blight contracts. Instead of filling the post-demolition excavation sites with clean fill dirt as required, from February to September 2017 Martin filled the holes with construction debris and then falsely billed HHF.

Additionally, homeowners committing fraud have been prosecuted as a result of SIGTARP’s investigations, including 11 in FY 2020-21. Other prosecutions were delayed due to the COVID-19 pandemic, including closed courts and travel restrictions.
SIGTARP AUDITS

SIGTARP audits of the Hardest Hit Fund protect taxpayer dollars, and speed economic benefit to Americans participating in these programs. Some examples include:

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

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

- **Waste in Nevada HHF:** In a September 2016 audit, SIGTARP identified more than $8 million in waste. SIGTARP found that the Nevada state agency used HHF to instead treat their employees, including: $500 a month car allowance to the CEO who drove a Mercedes Benz, holiday parties at a casino and country club, holiday gifts, a company picnic, a massage gift certificate, a baby gift, gift certificates for movies and restaurants, Amazon gift cards, regular lunches and food, birthday cakes, a retirement cake, an expensive fruit basket, even a “manager outing” at an establishment dubbed the nation’s best high volume cocktail bar, and moving to the gleaming $130 million City Hall building in North Las Vegas, described as the “Taj Mahal” in the press, nearly doubling the rent it paid for even more space than it needed, and a bonus and later a 2 month severance package for a nonperforming CEO. The Nevada state agency charged HHF for its violation of federal labor laws and lawsuits/claims of discrimination. Careless record keeping led to the accounting books being such a mess that accountants and auditors had to recreate them, with their fees charged to HHF. Meanwhile, the Nevada state agency all but stopped letting homeowners in need into the program to receive assistance. Already low numbers of Nevada homeowners admitted to HHF plummeted by 94 percent from 2013 to 2015 (only admitting 117 homeowners in 2015). In 2015, the Nevada state agency kept nearly one TARP dollar for itself for every HHF dollar it provided to a homeowner. For six months in that year, it kept more in HHF money for itself than it distributed to homeowners.
State agencies wasting $3 million on employee perks, unnecessary travel and conferences: In an audit requested by Senator Charles Grassley, SIGTARP issued reports in 2017 and 2019 finding additional waste by state agencies as well as spending that violated federal cost regulations. One agency spent $2,500 for a motivational speaker who spoke on “Motivation by Chocolate.” Additional waste included: $5,589 spent on a “Thank You” dinner for 160 people, catered barbeques for all employees, $13,000 to hold trainings at local zoos as the funds were running out, and travel to conferences at resort destinations that were unrelated to HHF. One state agency used HHF to pay for gym memberships for their employees. Flowers, a piñata, balloons, a fruit basket, were charged to HHF. The first recipient of the new money Congress authorized in 2016 were state agency employees. One employee received a $50 Visa gift card while one state agency bought lunch at a restaurant to “to celebrate getting new HHF funds and an employee’s upcoming wedding.”

Mismanagement in Georgia HHF: In an October 2017 audit requested by the late Representative John Lewis, SIGTARP identified mismanagement by the Georgia state housing agency that resulted in the state agency having one of the lowest percentages of providing assistance to homeowners in the entire program, as it turned away two thirds of all applicants. SIGTARP’s audit found that the Georgia state agency withheld funds, saying it was “guarding” funds, despite repeated warnings of overly strict eligibility criteria that gutted program participation, a difficult and confusing online application process, and so much red tape between federal dollars and their intended recipients that one housing counselor suggested HHF only as a last resort. For example, the agency required Georgians within 30 days, to get the IRS to issue and stamp a tax transcript for four years of taxes, and to get their mortgage servicer to provide two years of payment history. Both were difficult to get within that time frame and not required by other HHF states. The state agency refused to consider common hardships, such as military orders, divorce, illness or death of a spouse, all which can impact unemployment or underemployment and can make it difficult to pay a mortgage on time. The lack of a qualifying hardship was the top reason why the agency denied homeowners for HHF.
SIGTARP’S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Couple Convicted of Fraud on Hardest Hit Fund Unemployment Mortgage Assistance Program in Ohio

On August 19, 2020, Christopher Lee Horn and Sondra Horn pleaded guilty in Federal court to conspiracy to defraud the Hardest Hit Fund. Beginning in September 2014 and continuing until March 2016, the Horns knowingly conspired to receive HHF mortgage assistance funds to which they were not entitled. On May 28, 2014, the Horns submitted an application to the HHF program, Save the Dream Ohio, for monthly mortgage assistance under an HHF program for unemployed homeowners. HHF requires the homeowner to own and occupy the property as the principal residence. The Horns certified in September 2014 that their Mount Vernon, Ohio home was owner-occupied and their primary residence, and were approved to receive an initial $2,839 to cover their mortgage delinquency, and monthly mortgage payment assistance of $692 for 18 months. That same month, they rented out their Ohio home for $655 per month, receiving rent in cash or a check made out to a third party. In October 2014, the Horns moved to Minnesota, but failed to notify Ohio Housing Finance Agency officials that they had moved, or that they were receiving rent for the Ohio home. The U.S. Attorney’s Office for the Southern District of Ohio is prosecuting the case.

California Man Sentenced to Probation for Embezzling from the Hardest Hit Fund’s Unemployment Mortgage Assistance Program, Receiving Benefits for One Year after He Became Employed at a Salary of $90,000

In July 2020, a Federal court in Fresno, California sentenced Raymond Cawthorne to five years’ probation and 80 hours of community service for embezzling money from the Hardest Hit Fund Program known as “Keep Your Home California.” The court also sentenced Cawthorne to pay more than $28,000 in restitution and forfeiture. Cawthorne applied for and began receiving the Unemployment Mortgage Assistance (UMA) homeowner relief benefits under the “Keep Your Home California” program in May 2015. In July 2015, Cawthorne began full time employment in Tulsa, Oklahoma as the manager of production for an aircraft system and component manufacturer, with an annual salary of $90,000. Cawthorne failed to disclose his employment and continued to receive the benefits fraudulently for one year. Cawthorne was subsequently flagged when he applied for additional Mortgage Assistance benefits. The U.S. Attorney's Office for the Eastern District of California prosecuted the case.

California Man Charged with Stealing from and Making a False Claim on the Hardest Hit Fund Unemployment Mortgage Assistance Program

In August 2020, a federal grand jury indicted Robert Sneed who was charged with multiple counts of theft of government property and making a false or fraudulent claim against the United States related to the Hardest Hit Fund’s program in California. The HHF program “Keep Your Home California” provided 18 months of mortgage assistance for unemployed homeowners. In 2016 through 2017, Sneed allegedly received 18 months of HHF mortgage assistance of $2,279, totaling $41,027. The indictment alleges that Sneed submitted a fraudulent application and that he was employed. This case was jointly investigated by SIGTARP and the Federal Bureau of Investigation, with the U.S. Attorney’s Office for the Central District of California prosecuting.
California Man Charged with Stealing from the Hardest Hit Fund Unemployment Mortgage Assistance Program

In August 2020, a federal grand jury indicted Brandon Corey Smith who was charged with multiple counts of theft of government property related to the Hardest Hit Fund’s program in California. The HHF program “Keep Your Home California” provided 18 months of mortgage assistance for unemployed homeowners. In 2016 through 2017, Smith allegedly received 11 months of HHF mortgage assistance of $2,777, totaling $30,547. The U.S. Attorney’s Office for the Central District of California is prosecuting the case.
SIGTARP'S OVERSIGHT OF TREASURY'S TARP INVESTMENT IN BANKS
TREASURY HOLDINGS IN TARP SECURITIES IN CPP AND CDCI BANKS, AS OF AUGUST 6, 2020

EESA’s programs for Treasury’s purchase of “troubled assets” (the TARP bailout) is largely complete after a decade. Treasury continues to hold TARP securities in two banks and two credit unions.

<table>
<thead>
<tr>
<th>Program</th>
<th>Bank</th>
<th>Outstanding Principal Investment</th>
<th>Missed Dividends</th>
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<tr>
<td>Capital Purchase Program (CPP)</td>
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SIGTARP will continue to keep Congress and the American people updated on the status of these programs. In August 2020, Carver Bancorp in New York exited TARP after more than a decade, with Treasury taking an 87 percent loss of $16.48 million on the TARP investment of $18.98 million. To facilitate the process, Carver repurchased 2.3 million shares of common stock from Treasury for $2.5 million, using a $14.6 million grant from Morgan Stanley. Morgan Stanley said in a press release, “Morgan Stanley’s grant enabled Carver to buy back shares and bolster its capital position to help weather the economic impact of COVID-19 in the wake of the pandemic. In addition, the grant will help the bank assist small businesses and customers that were affected by COVID-19, particularly those that did not receive federal relief loans, and will support Carver’s continued mission to provide capital and banking services to minority and women-owned businesses in New York.”

One of the banks in which Treasury continues to hold TARP securities is Harbor Bankshares Corporation. SIGTARP’s investigation of Harbor Bankshares Corporation resulted in Department of Justice prosecution of the bank’s Vice President and loan officer, who was sentenced to two months in prison after pleading guilty to receiving a bribe in a scheme to defraud the bank in order to obtain bridge financing for a movie. The court also sentenced one co-conspirator to 30 months in prison, and a second co-conspirator to 18 months in prison.

SIGTARP’s work related to these programs is largely complete, with the results of SIGTARP’s investigations included in this section. SIGTARP continues to support the ongoing Department of Justice prosecutions of defendants investigated by SIGTARP. DOJ continues with these prosecutions even if the bank is no longer in TARP because the prosecution of crimes doesn’t end with the repayment of TARP funds. SIGTARP does not control the timing of these prosecutions, and most recently, many of these prosecutions have been significantly delayed during the COVID-19 pandemic, as many Federal courts remain closed.
RESULTS OF SIGTARP’S BANK INVESTIGATIONS

**BANKERS**
- 106 indicted
- 95 convicted*
- 77 sentenced to prison
- 81 industry bans

**BANKER CO-CONSPIRATORS**
- 98 indicted
- 79 convicted
- 65 sentenced to prison

**BORROWERS DEFRAUDING BANKS**
- 58 indicted
- 51 convicted
- 41 sentenced to prison

*Includes two convictions vacated due to death or subsequent cooperation with the Government. As of September 30, 2020.
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<tr>
<th>Banker Name</th>
<th>Bank Name</th>
<th>Position/Role</th>
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</tr>
<tr>
<td>Mark A. Conner</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Executive Vice President, Senior Loan Officer, Executive Director, President</td>
<td>5 Years Supervised Release, 5 Years in Prison</td>
</tr>
<tr>
<td>Gilbert Lundstrom</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Credit Officer, Executive Officer, Director, Chief Operating Officer</td>
<td>2 Years Supervised Release, 5 Years in Prison</td>
</tr>
<tr>
<td>Shawn Leo Portmann</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Senior Vice President, Loan Officer, Executive Officer, Director</td>
<td>5 Years Supervised Release, 5 Years in Prison</td>
</tr>
<tr>
<td>Sean Cutting</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Brian Mekard</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Vice President, Co-President, Executive Officer, Director</td>
<td>3 Years in Prison</td>
</tr>
<tr>
<td>Ebrahim Shabudin</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Senior Loan Officer, Executive Officer, Director, Chief Operating Officer</td>
<td>5 Years Supervised Release, 5 Years in Prison</td>
</tr>
<tr>
<td>Troy Brandon Woodard</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Executive Vice President, Senior Loan Officer, Executive Director, Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Catherine Kissick</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years in Prison</td>
</tr>
<tr>
<td>Clayton A. Coe</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Kirk Marsh</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Vice President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer</td>
<td>3 Years in Prison</td>
</tr>
<tr>
<td>David Gibson</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Robert Harra</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>Executive Vice President, Senior Loan Officer, Executive Director, Director</td>
<td>5 Years Supervised Release, 5 Years in Prison</td>
</tr>
<tr>
<td>Jerry J. Williams</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Ataollah Aminpour</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Adam Teague</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Shaun Hayes</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Anthony Atkins</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Jeffrey Levine</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Dana Frye</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>William North</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>CEO, President, Director, Chief Operating Officer, Executive Officer, Senior Loan Officer, Executive Director</td>
<td>4 Years Supervised Release, 4 Years in Prison</td>
</tr>
<tr>
<td>William R. Beamon, Jr.</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Richard Colbert</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Robert E. Maloney, Jr.</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Michael H. Ashley</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Christopher Tumbaga</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
<tr>
<td>Kevyn Rakowski</td>
<td>Appalachian Community Bank &amp; Trust</td>
<td>President, Co-President, Executive Officer, Director, Chief Operating Officer, Senior Loan Officer, Executive Director</td>
<td>3 Years Supervised Release, 3 Years in Prison</td>
</tr>
</tbody>
</table>
77 BANKERS SENTENCED TO PRISON (continued)

James A. Laghen
2 Years in Prison
2 Years Supervised Release
Acting CEO, President, COO
TierOne Bank

Mohin Rohs
2 Years and 6 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; Shrews 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 Hobble
2 Years and 6 Months in Prison
3 Years Supervised Release
Executive Vice President
Onion 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 Years Supervised Release
Vice President, Loan Officer
PBI Bank

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

James Ladio
2 Years in Prison
3 Years Supervised Release
CEO, President, Chief Lending Officer
Mid-Atlantic Community Bank; Artisan’s Bank

Michael Erickson
2 Years in Prison
3 Years Supervised Release
Southern Bancorp

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

Vivian Tat
2 Years in Prison
2 Years Supervised Release
Branch Manager, Vice President
East West Bank

Karim Lawrence
1 Year and 6 Months in Prison
5 Years Supervised Release
CEO, President
Onion Bank

Joseph Torranova
1 Year and 9 Months in Prison
3 Years Supervised Release
CEO, President, Loan Officer
Wilmington Trust Company

Don Langford
2 Years in Prison
3 Years Supervised Release
Chief Credit Officer, Senior Vice President
TierOne Bank

Allen Reichman
1 Year and 6 Months in Prison
2 Years Supervised Release
Executive Director of Investments
Oppenheimer and Company

Ricky Hoyl
2 Years in Prison
3 Years Supervised Release
Senior Vice President

Tae Kim
2 Years in Prison
3 Years Supervised Release
Senior Vice President

Popel Metanass
1 Year and 6 Months in Prison
3 Years Supervised Release
CEO, President, Board Member
City Bank; Wilmington Savings Fund Society, FSB

Paul Ryan
1 Year and 6 Months in Prison
3 Years Supervised Release
CEO, President
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 Case

Peter W. Haynes
3 Years Supervised Release
Loan Officer
Wilmington Trust Company

Brian Hartline
2 Years 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
West Fargo Bank

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

Justin T. Brough
11 Months in Prison
3 Years Supervised Release
Senior Vice President
The Park Avenue Bank

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

Brian W. Harrison
1 Year and 9 Months in Prison
6 Months Supervised Release
Vice President, Loan Officer
Farmer’s Bank

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

Saundra Torrence a/k/a
Samone 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 Shaw Partners
Pierce Commercial Bank (Subsidiary)
77 BANKERS SENTENCED TO PRISON (continued)

Rodney Dunn  
2 Months in Prison  
Vice President  
Harbor Bank of Maryland

Sonja Lightfoot  
1 Month in Prison  
Senior Vice President of Residential Lending  
Pierce Commercial Bank

Timothy Murphy  
Time Served  
Executive Vice President  
Excel Bank

Sam Tuttle  
Time Served  
6 Months Home Confinement  
Vice President, Loan Officer  
Pierce Commercial Bank (Subsidiary)

Robert Pennington  
Time Served  
5 Years Supervised Release  
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  
Senior Vice President  
Farmers Bank & Trust, N.A.

Benjamin Leake  
Time Served  
2 Years Supervised Release  
Loan Officer  
Pierce Commercial Bank (Subsidiary)

Ed Rounds  
Time Served  
Loan Officer  
Pierce Commercial Bank (Subsidiary)

Angela Crozier  
Time Served  
Loan Processor  
Pierce Commercial Bank (Subsidiary)

Craig Meyer  
Time Served  
Vice President, Principal, Loan Officer  
Pierce Commercial Bank (Subsidiary)

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

Darryl Woods  
1 Year Home Confinement  
CEO, Chairman, President  
MainStreet Bank, Cullen 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.

4 BANKERS SENTENCED TO HOME CONFINEMENT
65 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 79 CONVICTED

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

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

Delevy Davy
2 Years Supervised Release
3 Years in Prison
(Chesapeake National Bank Case)

George Hranowskyj
2 Years and 6 Months in Prison
4 Years in Prison
(Retail Portfolio, LLC, Trust Member, Florida Metro One, LLC, Southeast County Bank, Trust Member, U.S. Bank, Wells Fargo Bank)

Wilbur Anthony Huff
5 Years in Prison
10 Years in Prison
(Bank of America)

Eric Menden
12 Years in Prison
2 Months in Prison
(Bank of America)

Jerome Arthur Whittington
5 Years in Prison
7 Years Supervised Release
(Bank of America)

Daniel Sexton
5 Years in Prison
5 Years Supervised Release
(Department of Treasury)

Paul Chemidlin
5 Years in Prison
3 Years Supervised Release
(PNC Bank, U.S. Bank, Wells Fargo Bank)

Delton DeArmas
3 Years in Prison
5 Years Supervised Release
(Bank of America)

Lawrence Wright
2 Years and 6 Months in Prison
3 Years in Prison
(Bank of America)

Desiree Brown
5 Years Supervised Release
12 Months in Prison
(Bank of America)

Francesco Mileto
5 Years Supervised Release
4 Years and 9 Months in Prison
(Bank of America)

Richard Pinto [deceased]
5 Years in Prison
2 Years and 2 Months in Prison
(Bank of America)

Jonathan Williams
5 Years in Prison
5 Years Supervised Release
(Kentucky)

Brenda Wood
5 Years in Prison
2 Years and 2 Months in Prison
(Toyota)

Peter Pinto
5 Years in Prison
3 Years in Prison
(Bank of America)

Leonard Potillo
3 Years in Prison
5 Years Supervised Release
(Alabama)

Raymond Tan
5 Years in Prison
12 Years in Prison
(Bank of America)

Jimmy Sheng Lee
5 Years in Prison
36 Months in Prison
(Bank of America)

Zahid Alam
2 Years and 2 Months in Prison
3 Months Supervised Release
(Auto/Financial, CitiGroup)

David Odom
7 Years and 6 Months in Prison
2 Years Supervised Release
(First Citizens Bank & Trust Co.)

Thomas Arney
5 Years Supervised Release
4 Years and 10 Months in Prison
(First Citizens Bank & Trust Co.)

Carmine Fusco
5 Years Supervised Release
(First Citizens Bank & Trust Co.)

Sheila Flynn
3 Years in Prison
14 Years in Prison
(Kentucky)

Hugo Lafuente
3 Years Supervised Release
2 Years and 2 Months in Prison
(Kentucky)

Jerome Arthur Whittington
12 Years in Prison
5 Years Supervised Release
(Kentucky)

Alpha Medical Center
3 Years and 6 Months in Prison
(Chesapeake National Bank Case)

Ray Bowman
5 Years and 6 Months in Prison
3 Years Supervised Release
(Chesapeake National Bank Case)

Thomas Arney
2 Years and 2 Months in Prison
3 Years Supervised Release
(Chesapeake National Bank Case)

Carmine Fusco
2 Years and 2 Months in Prison
3 Years Supervised Release
(Chesapeake National Bank Case)

Sheila Flynn
2 Years and 2 Months in Prison
3 Years Supervised Release
(Chesapeake National Bank Case)
65 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)

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

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

Wang Gao Wag
2 Years in Prison
3 Years Supervised Release
Owner/Operator
Champ Construction LLC
Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo 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 Bank Case

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

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

Joseph D’Vall
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
Owner
Team Mortgage LLC, TRISA (First Community Bank Case)

Hua Leung
1 Year and 6 Months in Prison
Owner
FieldStone Village, LLC
Dover Holdings, LLC, Shoppes at Fieldstone Village, LLC

Richard Cheung
1 Year and 4 Months in Prison
Loan Consultant
Broadway Federal Bank Case

Chester Pegase
1 Year in Prison
Owner/Operator
C&C Holdings LLC
GulfSouth Private Bank Case

Anadeo Gaglioti
2 Years Probation
Owner
Electrical Contractor

Carlos Poraita
1 Year in Prison
Owner
Park Avenue Bank Case

Salvatore Leone
1 Year in Prison
Project Manager/Partner
TEC Enterprises, LLC, North Dover Holdings, LLC, Shoppes at Fieldstone Village, LLC
(Wilmington Trust Case)

Derrick Cheung
1 Year in Prison
Owner
C-Note Development Company LLC

Alberto Solaroli
1 Year in Prison
Owner/Operator
CET Racing
(Xenio Financial Corporation Case)

Christopher Ju
20 Months in Prison
3 Years Probation
Title Agent
Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case

Jose Luis Salguero Bedoya
2 Years in Prison
3 Years Supervised Release
Owner
New Jersey Real Estate Holdings, New Jersey Property Management
Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case

Jason Maurice Robinson
2 Years Probation
Used car salesman
Superior Bancorp Case

Miguel LaRosa
3 Years Supervised Release
Owner/Operator
Sonoma Valley Bank Case

Ruimin Zhao
4 Months in Prison
Owner
Taylor, Bean & Whitaker
(Colonial Bank Case)

Sean Ragland
3 Months in Prison
Owner
New Jersey Property Management
(Middlesex Bank Case)

Bruce Houle
5 Years in Prison
Owner
Bank of the Commonwealth

Mark W. Shoemaker
5 Years in Prison
Owner
Blackstone Development Company LLC
(GulfSouth Private Bank Case)

Carlos House
5 Years Supervised Release
Time Served

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

Recardo Lewis
5 Months Home Confinement
Project Manager
Taylor Development & Construction, LLC
(Blank of the Commonwealth Case)

Patrick Pinto
6 Months Home Confinement
Compliance Officer
Oxford Collection Agency Inc.
(Oxford Collection Case)

Charles Harris
6 Months Home Confinement
Compliance Officer
Oxford Collection Agency Inc.
(Oxford Collection Case)

Arthur Anthony
Time Served
Owner
(Continued)
43 DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO PRISON

David McMasters
15 Years and 3 Months in Prison
5 Years Supervised Release
Owner/Operator
Nationale Mortgage Concepts LLC
(Victim: BNC National Bank)

Robert Egan
12 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
Owner
Poler’s Lawn Care (Victim: BNC National Bank)

Edward Shannon Polen
5 Years and 3 Months in Prison
5 Years Supervised Release
Owner
Poler’s Lawn Care (Victim: BNC National Bank)

Chung Yu Young
5 Years in Prison
5 Years Supervised Release
President
ETD, Eastern Tools and Equipment (Victim: United Commercial Bank Corp)

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

Leigh Farrington Fiske
4 Years in Prison
3 Years Supervised Release
Co-owner
Wells Fargo Bank, U.S. Bank

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

Michael Edward Filmor
4 Years in Prison
2 Years Supervised Release
Owner
Galleria USA (Victim: Americas, Capital One)

Winston Shillingford
3 Years in Prison
1 Year and 9 Months in Prison
President
Healthcare Partners Group, LLC (Victim: Parkside Bank)

Selim Zharke
3 Years and 6 Months in Prison
5 Years Supervised Release
Owner
Golden Sails, Wells Fargo, JP Morgan, Deutsche Bank

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

Greisy Jimenez
3 Years in Prison
5 Years Supervised Release
Real Estate Agent
Galleria USA (Victim: Bank of America N.A., JP Morgan Chase Bank, N.A.)

Marleen Shillingford
2 Years in Prison
5 Years Supervised Release
Co-owner
Wells Fargo Bank, U.S. Bank

Clint Dukes
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Galleria USA (Victim: Americas, Capital One)

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

Margaret Connolly
2 Years in Prison
5 Years Supervised Release
Attorney
JPMorgan (Victim: JP Morgan)

Thomas Fu
1 Year and 6 Months in Prison
5 Years Supervised Release
CFO, Treasurer
Waikele Properties Corp, aka Fantasitic Molding Company (Victim: Old Second National Bank)

Steven Moehlhaus
1 Year and 9 Months in Prison
3 Years Supervised Release
Managing Member
Riverhead Community LLC (Victim: Cecil Bank)

Robert Bungo
1 Year and Time Served in Prison
3 Years Supervised Release
Partner
Hyacinth Bellerose (Victim: First Horizon Corp.)

Mahendra Prasad
5 Years and 3 Months in Prison
5 Years Supervised Release
Owner/Operator
BNA Financial Services, Inc. (Victim: Wells Fargo, Bank of America)

Jaemin Polanco
3 Years and 3 Months in Prison
3 Years Supervised Release
President
JPMorgan, Bank of America, Capital One

Gregory Yates
1 Year in Prison
3 Years Supervised Release
CEO, President
JPMorgan (Victim: JPMorgan Chase Bank, Bank of America, Capital One)

John Cheng
6 Months in Prison
4 Years Supervised Release
President
Mortgage Broker, Owner Excellent Financial Services, Inc. (Victim: BNM Financial Services Corp.)

Shalma Hadayat
6 Months in Prison
3 Years Probation
Owner/Operator
Pulaski Bank

Vanessa Ricci
5 Months in Prison
3 Years Supervised Release
President
SinoWest Mortgage Services, Inc. (Victim: JPMorgan Chase Bank, N.A.)

Ronald Oronti
5 Months in Prison
2 Years Supervised Release
Owner
Nationale Mortgage Concepts LLC
(Victim: BNC National Bank)

Raj Marwada
6 Months in Prison
2 Years Supervised Release
CEO
Northpoint Group, Inc. (Victim: Wells Fargo)

Tariq Khan
3 Days in Prison
1 Year Home Confinement
Owner
Urban Motors Corporation (Victim: Old Second National Bank)

Terrance Yates
3 Days in Prison
4 Years Supervised Release
President
JPMorgan (Victim: JPMorgan Chase Bank, Bank of America)

Nani Isaacs
2 Years in Prison
3 Years Supervised Release
Owner
JPMorgan (Victim: JPMorgan Chase Bank, Bank of America, Capital One)

Martin Bahrami
3 Days in Prison
2 Years Supervised Release
Attorney
JPMorgan (Victim: JPMorgan Chase Bank, N.A.)

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

Nani Isaacs
3 Years in Prison
1 Year Home Confinement
Owner
Manitowoc County Bank, SinoWest Mortgage Services, Inc.

Semiannual Report to Congress I April 1, 2020 – September 30, 2020
Special Inspector General for the Troubled Asset Relief Program

SEMIANNUAL REPORT TO CONGRESS I APRIL 1, 2020 – SEPTEMBER 30, 2020
SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM
43 DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO PRISON
(continued)

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

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

Michael Hilbert
Time Served
5 Years Supervised Release
(Victim: Capital One, Signature Bank, Sovereign Bank)

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

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

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

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

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

DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO HOME CONFINEMENT

Thomas Comer
8 Months Home Confinement
Owner
CFC Transportation
(Victim: The Bank of Vernon)
3 CONTRACTORS, PROGRAM OFFICIALS AND HOMEOWNERS WHO DEFEATED THE TARP HARDEST HIT FUND SENTENCED TO PRISON

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

SCAMS USING TARP

14
SIGTARP’S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Chief Executive Officer of TARP Bank Convicted of Conspiracy to Commit Bank Fraud, Receipt of Bribe, and False Statements in Bank Records

On July 31, 2020, Mary Halsey, the former president and chief executive officer of Cecil Bank of Rising Sun, Maryland, was convicted by pleading guilty to federal charges of conspiracy to commit bank fraud, receipt of a bribe by a bank official, and false statement in bank records. Treasury wrote off approximately $11 million from its TARP investment in Cecil Bank after the financial institution filed for bankruptcy in 2017. According to the indictment, Halsey conspired with Daniel Whitehurst, who previously pleaded guilty to mail fraud, to defraud Cecil Bank related to a house in Elkton, Maryland, that had been foreclosed on and was owned by Cecil Bank. Halsey had the bank sell the house to Whitehurst for well below market value, not disclosing to the bank that Whitehurst was acquiring the house on her behalf and was only acting as a straw buyer. She wired $75,000 to Whitehurst for the down payment, closing costs, and upgrades to the property that she requested. Later on, Halsey issued three checks to Whitehurst totaling $60,000 for improvements and monthly mortgage payments. In return for Whitehurst acting as a straw buyer, Halsey assisted in the bank providing him a $650,000 bank line of credit. Halsey concealed the straw purchase of the property from a bank examiner. When asked about the sale of the home by a bank examiner for the Federal Reserve Bank of Richmond, Halsey falsely stated that she was “not totally familiar with [that] property” and that the bank had difficulty marketing the property and had not listed it with a realtor because of “issues with the county over the bonds outstanding.”

SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of the Inspector General, the Federal Deposit Insurance Corporation Office of the Inspector General, and the Small Business Administration Office of the Inspector General. The U.S. Attorney for the District of Maryland is prosecuting the case. SIGTARP has multiple investigations related to Cecil Bank. In April 2019, Mehul Khatiwala pleaded guilty to conspiracy to commit bank fraud and to three counts of bank fraud, in connection with a scheme to fraudulently obtain loans from Cecil Bank to purchase hotels and a multifamily residential property, resulting in losses of more than $3.5 million. In June 2019, Zahid Aslam was sentenced to two and a half years in prison for making false statements to financial institutions, including Cecil Bank.

Federal Court Sentences Defendant to Time Served in Prison for Money Laundering in Operation Phantom Bank

In June 2020, a federal court sentenced to time served in prison, Mina Chau, who pleaded guilty to conspiracy to commit money laundering. Chau was part of a wide-ranging investigation called Operation Phantom Bank, involving a series of schemes that included 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.

Chau agreed with co-defendant Eddie Kim and her unindicted cousin to provide cashier’s checks in exchange for cash. Chau was involved in three money laundering transactions, laundering what the Department of Justice called “stacks and stacks of cash” that she knew did not belong to her over the course of six months in ever-increasing amounts. In the first transaction, she laundered $350,000 cash in a black bag for cashier’s checks, $400,000 the second time, and $500,000 the third time. Chau was convicted of laundering $1.25 million, excluding money laundering fees paid to co-defendant Kim.
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.

Securities and Exchange Commission Resolves Civil Enforcement Action against Founder and Former Chairman of Nova Bank Previously Sentenced to Prison for Fraud Scheme Involving Application for TARP

The Securities and Exchange Commission resolved a civil enforcement action brought against NOVA Bank’s founder and former chairman, Barry Bekkedam. In a separate criminal case, Bekkedam was sentenced to prison after a jury convicted him and the bank’s CEO, Brian Hartline, following SIGTARP’s investigation into a fraud scheme to get TARP funding. The Capital Purchase Program is a TARP program meant only for healthy banks, but when NOVA Bank applied for TARP, Treasury and regulators had concerns about the bank’s capital levels. CEO Hartline told regulators that a Florida businessman, George Levin, was willing to invest $15 million in the bank. In June 2009, Treasury approved NOVA Bank to receive $13.5 million in TARP funds contingent on the bank raising $15 million in private capital. The defendants arranged for NOVA Bank to loan $5 million to Levin who transferred the funds back to the bank within two hours. CEO Hartline never disclosed to any regulator that the $5 million of capital from Levin was financed by the bank, a fact that a regulator involved with TARP testified would be important to know in the decision about TARP. The regulators all knew that Levin filed change of control applications with the Federal Reserve. The agreement to conceal that the bank financed the $5 million investment from Levin continued with the simple question from the regulators on the source of the funds for Levin to make the investment. Bekkedam and Hartline convinced two others to make similar “investments” using loans from NOVA to make NOVA appear more financially sound than it actually was. Treasury ultimately did not distribute the TARP funds, but only because of timing, not because Hartline told the truth.
PEER REVIEWS
SIGTARP PEER REVIEWS

Investigations


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 three years.

Both letters are available on SIGTARP’s website at www.SIGTARP.gov, under “Peer Review Report.”
IG EMPOWERMENT ACT REPORTING
TREASURY BUDGET PROPOSAL INTERFERES WITH THE INDEPENDENCE OF SIGTARP

The President's FY 2021 budget request proposed cutting SIGTARP's budget to $17.5 million – 20 percent below SIGTARP's FY 2020 appropriations of $22 million. 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 and independently proposed an appropriation of $19 million (an additional $1.5 million) for FY 2021.

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 all investigations in financial institutions in HAMP that may have engaged in fraudulent activity.

These budget constraints hurt taxpayers. In FY 2020, recoveries from SIGTARP's work were $157.3 million compared to its $22 million agency budget.
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.