



OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

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LETTER FROM THE SPECIAL INSPECTOR GENERAL

SIGTARP's Quarterly Report (October 1, 2020 – December 31, 2020)

As the Special Inspector General, a position I have served since 2012, I lead a federal office (SIGTARP) whose work has led to the recovery of more than \$11 billion, and criminal prosecutions of 450 defendants (including 307 sentenced to prison). The crimes we uncover relate to the Emergency Economic Stabilization Act (EESA), under which the government: (1) invested in financial institutions and auto companies; and (2) opened long-term economic stability programs (the Home Affordable Modification Program (HAMP) and the Hardest Hit Fund (HHF)) to protect home values and preserve homeownership – programs that continue today.

SIGTARP has a proven record of finding fraud, waste, and abuse, and speeding delivery of assistance by identifying mismanagement, delays and ineffectiveness. We have investigated bankers and banks that led to Department of Justice and state criminal prosecutions of more than 100 bankers (including more than 70 sentenced to prison) and 96 of their co-conspirators; and civil actions by DOJ, the Securities and Exchange Commission and bank regulators against individuals and banks. We caught 121 foreclosure rescue scammers who victimized 30,000 homeowners and were convicted after prosecutions by DOJ and then-California Attorney General Kamala Harris. We found criminal conduct by General Motors when it did not recall a defective auto part that caused vehicles to turn off while driving, leading to death and injury. Recalls of auto parts have since tripled, making cars and roads safer.

Our current priority is investigating and auditing HAMP and HHF, programs that are critical to hundreds of thousands of Americans experiencing financial insecurity. A July 2019 Gallup survey showed that 40 percent of Americans said they were running into debt or barely making ends meet. The COVID pandemic has increased financial insecurity. HAMP, which lasts until 2024, prevents foreclosures for struggling homeowners by permanently modifying mortgages to affordable and sustainable levels. More than 700,000 people living in all 50 states are currently participating. The Hardest Hit Fund, which Treasury recently extended to at least December 2021, currently provides mortgage assistance to homeowners suffering hardships in 16 states, including for homeowners unemployed due to the pandemic. Fraud, waste, and abuse would hurt these critical efforts.

Our highest priority is to investigate financial institutions breaking the law and hurting homeowners who rely on HAMP to stay in their homes. Treasury distributed \$658 million in Fiscal Year 2020 to mortgage servicers who administer HAMP, including banks (i.e. \$72 million to Wells Fargo, \$38.8 million to JP Morgan Chase, \$36 million to Bank of America, and \$13

million to Citigroup), and non-banks (i.e. \$155 million to Ocwen Financial, \$84 million to Nationstar).

We have open investigations into HAMP financial institutions, partnering with DOJ and enforcement divisions of federal regulators. In December 2020, SIGTARP's investigation contributed to the Consumer Financial Protection Bureau and several state attorneys general charging Nationstar for illegal acts such as failing to provide mortgage modifications, improperly increasing modified mortgage payments, and wrongfully foreclosing on 40,000 consumers, including homeowners in HAMP. Several years ago, SIGTARP reported to Congress that Treasury found these same wrong acts by Nationstar in HAMP. In settlement, Nationstar paid \$74.5 million – less than it received from Treasury in Fiscal Year 2020 alone.

We have also uncovered corruption and bribery in blight demolitions funded by HHF, including by a Detroit city official who was convicted and sentenced to prison. We warned Treasury about the risk of exposure of hazardous materials, illegal dumping, and contaminated dirt in demolitions, and recommended mitigation measures. Our warnings unfortunately proved true. We found illegal dumping of demolition debris and contaminated dirt that led to DOJ prosecutions. We also found homeowners who defrauded HHF to receive mortgage assistance, assistance that would be available right now to help Americans who are suffering. We support the prosecutions of these fraudsters.

More than \$11 billion has been recovered for the government and other victims from SIGTARP's work. This represents a 30 times return on investment, one of the highest of any office of inspector general. I would welcome an opportunity to talk to you further about our work.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General