



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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www.sigtar.gov

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SIGTARP RECOMMENDS TREASURY REQUIRE STATES TO SUBSTANTIATE ALL FEES PRIOR TO RELEASING FUNDS IN BLIGHT ELIMINATION PROGRAM

The Hardest Hit Fund Blight Elimination Program is a TARP program still open today – the program provides funds to state agencies to remove blighted homes from hard hit neighborhoods with the goal of increasing home values and preventing foreclosures.

SIGTARP recommends that Treasury require state agencies to substantiate the actual price contractors paid for any materials used in the demolition process before releasing any reimbursements with TARP funds.

“Our recommendations stem from a review of reimbursement files for the HHF blight demolition program in Detroit from 2017 through 2019, where SIGTARP found that Michigan state paid approximately \$13 million in unsubstantiated costs,” said Principal Deputy Special Inspector General Vince Micone. “Requiring states to substantiate material costs before reimbursing the contractors is critical to ensuring that TARP funds are spent on costs that are both reasonable and necessary to achieving the blight elimination program’s goals.”

SIGTARP’s observations demonstrate the need for additional protections to protect taxpayer funds spent in HHF and prevent fraud and waste. There are currently five states with open Blight Demolition Programs which are projected to continue through at least December 31, 2021.

The management advisory is posted in its entirety at www.sigtar.gov/audits.

About SIGTARP

SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA). To date, SIGTARP investigations have resulted in the recovery of over \$11.2 billion, 389 criminal convictions and 306 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP’s Crime Tip Hotline: 1-877-SIG-2009 (1-877-744-2009). To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

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