
Ever since Congress created the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) under the Emergency Economic Stabilization Act (EESA), SIGTARP has delivered for American taxpayers. As a law enforcement office, SIGTARP has a proven record of identifying and investigating fraud and other crime. SIGTARP investigations have resulted in the recovery of more than $11.3 billion, and criminal prosecutions by the Department of Justice (DOJ) and others of 463 defendants - 313 of them sentenced to prison, including 74 bankers. Our investigations have also resulted in enforcement actions against 25 corporations/entities, including enforcement actions against many of the largest U.S. financial institutions. As an independent watchdog, SIGTARP has a proven record of identifying waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs.

The Home Affordable Modification Program (HAMP) is the largest ongoing EESA program. This reporting period, SIGTARP made important progress on several investigations. SIGTARP investigations led to new charges, convictions, and sentencings. For example, two men were sentenced to prison, each for multimillion dollar scams against homeowners seeking admission into HAMP. According to the latest data, HAMP is providing much needed foreclosure relief to more than 620,000 participating homeowners living in all 50 states. The program has $1.1 billion remaining of Treasury funds to distribute to existing program members. As a result of SIGTARP investigations, a California man was sentenced to more than four years in prison in a nationwide $2.3 million fraud scam, under the false names HOPE Services and HAMP Services, that victimized more than 400 homeowners related to the HAMP program. He was the fifth defendant sentenced to prison for this scam.

SIGTARP also continued supporting DOJ on prosecutions related to bankers and co-conspirators investigated by SIGTARP. For example, a defendant was convicted for her role in a money laundering conspiracy as part of Operation Phantom Bank. Operation Phantom Bank involved a series of money laundering schemes for international narcotics trafficking proceeds, including through a bank while it was in TARP until 2017. This was allegedly orchestrated by the bank CEO, who was indicted.

Also, as a result of SIGTARP’s investigations, an Illinois-based demolition contractor was sentenced to home detention and ordered to pay restitution after his conviction for defrauding the Hardest Hit Fund (HHF) Blight Elimination Program in connection with demolitions in Hammond, Indiana. SIGTARP’s investigation revealed that the contractor had improperly disposed of demolition debris, and had submitted false disposal, dumping, and clean fill dirt documentation to the City of Hammond. In addition, several individuals investigated by SIGTARP were prosecuted for defrauding HHF programs for unemployed homeowners.
In August 2021, SIGTARP released an evaluation report on HAMP finding that Treasury can enhance loan-level transparency on HAMP, particularly to bring more accountability to mortgage servicers with poor performance, violations of HAMP rules, or homeowner abuse. SIGTARP found that Treasury has reduced its oversight of HAMP servicers despite finding that servicers have wrongfully canceled homeowners out of HAMP, labeled homeowners as delinquent, and set mortgage payments too high, along with other violations. SIGTARP also issued a report on Treasury’s progress in implementing SIGTARP’s recommendation to shift HHF funding to unemployment mortgage assistance, now estimated to help an additional 12,000 people stay in their homes during the pandemic. SIGTARP also issued a fraud prevention advisory on HHF blight demolition.

As investigations are focused on past fraud or other crime, ongoing activity in these programs adds to our future investigative case load. It is imperative that SIGTARP fulfill its mission to bring accountability for fraud, waste, and abuse, and ensure these programs are effective, efficient, and free of risk or vulnerability.

Respectfully,

MELISSA BRUCE
Principal Deputy 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 promote economy, efficiency, effectiveness, and accountability in these economic stability programs. SIGTARP conducts investigations of suspected illegal activity, and also independently audits 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 will continue to operate until at least 2024.

Under these long-term economic stability programs, the Department of the 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 programs 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 and evaluates the 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 620,000 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.

- **HHF**: In the Consolidated Appropriations Act of 2016, Congress authorized an additional $2 billion and amended HHF from responding to the financial crisis to respond to ongoing housing market needs. In 2020, Treasury extended HHF until December 2021. 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 agency, 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 Federal Bureau of Investigation (FBI) and supports U.S. Department of Justice's (DOJ) prosecutions.

463 defendants have been criminally charged as a result of SIGTARP investigations. SIGTARP has a 96 percent DOJ conviction rate. Already 400 defendants have been convicted, 313 of them sentenced to prison, while others await trial/sentencing. SIGTARP’s investigations have led to prosecutions of more than 107 bankers (including 74 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 nearly 31,000 homeowners trying to access HAMP, including 121 criminally convicted. 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 29 times return on investment. SIGTARP has one of the highest returns on investment of any Inspector General. Each year, dollars recovered from SIGTARP’s work far exceed our cost. In FY 2021, the government and victims recovered more than $222.6 million.

**SIGTARP Audits**: SIGTARP’s audits and evaluations identify roadblocks and obstacles to increase the speed of assistance to Americans, bring transparency and prevent future fraud, waste, and abuse. SIGTARP worked with the late Congressman John Lewis and Atlanta Legal Aid to identify mismanagement by a Georgia state agency that “guarded” federal mortgage assistance, denying high percentages of homeowners, including many homeowners in minority neighborhoods. More homeowners received assistance after the state agency implemented SIGTARP’s recommendations. SIGTARP has warned about the risk of corruption, lack of competition, and environmental and safety issues in federally funded demolitions of blighted properties.
SIGTARP CONDUCTS INVESTIGATIONS AND AUDITS OF LONG-TERM ECONOMIC STABILITY PROGRAMS

$11 BILLION RECOVERED

The Making Home Affordable (MHA) program pays lenders to lower mortgage payments for homeowners at risk of foreclosure.

$21.8 billion has been spent, including $479.1 million in FY 2021. Up to $1.1 billion is available to be spent into FY 2024.

As of September 30, 2021

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

Through June 2021, $9.6 billion has been obligated in the program. This includes $118.2 million spent during the first three quarters of FY 2021. There is $288.1 million available to be spent into FY 2022.

As of June 30, 2021

Recipients have included –

19 state agencies

378 cities or counties and 503 local partners

More than 1,700 demolition contractors

Homeowners & homebuyers

Recipients include –

JPMorgan Chase & Co.

Citi Mortgage

Bank of America.

Wells Fargo

Nationstar

SPS Select Portfolio Servicing, Inc.

CIT Bank

OneWest Bank

SIGTARP CONDUCTS INVESTIGATIONS AND AUDITS OF LONG-TERM ECONOMIC STABILITY PROGRAMS
As of September 30, 2021 | 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 – 2021
SIGTARP investigations have led to enforcement actions against TWENTY FIVE institutions.
SIGTARP

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

Fiscal Year 2021

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<thead>
<tr>
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<tbody>
<tr>
<td>Dollars Recovered (Millions)</td>
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<tr>
<td>Questioned Costs (Millions)</td>
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<td>Civil Enforcement Actions Against HAMP Financial Institutions</td>
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<td>Criminal Charges</td>
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<td>Arrests</td>
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<td>Justice Department Referrals</td>
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<td>State and Local Referrals</td>
<td>18</td>
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<td>Prosecutor Declinations</td>
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SIGTARP’S OVERSIGHT OF MAKING HOME AFFORDABLE AND HOME AFFORDABLE MODIFICATION PROGRAMS
SIGTARP’s top law enforcement priority is to investigate and bring justice to unlawful conduct by financial institutions in HAMP. Our nation cannot have a resilient housing market if financial institutions and consumers violate the law. SIGTARP’s top audit priority is to identify risk/vulnerabilities in HAMP that would hurt homeowners and impede Treasury’s goal to provide affordable and sustainable homeownership.

HAMP IS PREVENTING FORECLOSURES FOR THE MORE THAN 620,000 PARTICIPANTS WHO LIVE IN ALL 50 STATES

HAMP remains critical to the economic growth and recovery of 623,128 Americans as of September 2021. 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. The pandemic led to additional economic instability. HAMP provides fair access to home ownership by financial institutions modifying mortgages to be affordable and sustainable.
SIGTARP’S OVERSIGHT OF HAMP

SIGTARP conducts criminal and civil investigations and independent audits and evaluations of HAMP. Our investigations into SunTrust Bank and Nationstar Mortgage are now public. Additionally, SIGTARP has a number of open, confidential investigations in this area, several of which have been referred to DOJ. SIGTARP also found defendants who scammed nearly 31,000 homeowners trying to access HAMP, resulting in 100 sentenced to prison.

Federal payments are not automatic and require the financial institutions administering HAMP to follow the law and rules.

<table>
<thead>
<tr>
<th>TOP 10 FINANCIAL INSTITUTIONS AND TOTAL SPENT IN FY 2021</th>
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<tbody>
<tr>
<td>1 Ocwen Loan Servicing, LLC</td>
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<tr>
<td>2 Select Portfolio Servicing, Inc.</td>
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<tr>
<td>3 Nationstar Mortgage, LLC</td>
</tr>
<tr>
<td>4 Wells Fargo Bank, N.A.</td>
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<tr>
<td>5 Specialized Loan Servicing LLC</td>
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<tr>
<td>6 Bank of America, N.A.</td>
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<tr>
<td>7 JPMorgan Chase Bank, NA</td>
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<td>8 MidFirst Bank</td>
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<tr>
<td>9 Carrington Mortgage Services, LLC</td>
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<tr>
<td>10 CitiMortgage, Inc.</td>
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<tr>
<td>11 145 Other Institutions</td>
</tr>
<tr>
<td><strong>$ Spent in FY 2021</strong></td>
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</tbody>
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Source: SIGTARP’s October 13, 2021 analysis of Treasury’s most recent MHA data; Treasury, Aggregate Cap Monitor - September 2021
### CUMULATIVE SPENDING IN THE MADE HOME AFFORDABLE PROGRAM

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<tr>
<th>Institution</th>
<th>Dollars paid</th>
<th>Remaining</th>
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<td>$3.4 Billion</td>
<td>$113 Million</td>
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<td>$72 Million</td>
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<tr>
<td>$2.2 Billion</td>
<td>$46 Million</td>
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<td>$1.7 Billion</td>
<td>$133 Million</td>
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<tr>
<td>$1.7 Billion</td>
<td>$128 Million</td>
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<tr>
<td>$778 Million</td>
<td>$48 Million</td>
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<tr>
<td>$442 Million</td>
<td>$18 Million</td>
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<tr>
<td>$2.6 Billion</td>
<td>$323 Million</td>
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</table>

**TOTAL**

| TOTAL | $1.1 Billion |

Source: SIGTARP’s October 2021 analysis of Treasury and Fannie Mae’s most recent MHA data; Treasury, Disbursement Report -September 2021; SIGTARP analysis of Treasury and Fannie Mae MHA data. Of the 155 total institutions, 90 remain eligible to receive future funds under MHA.
The Office of the Comptroller of the Currency (OCC) fined Wells Fargo $250 million for Violations Related to Loss Mitigation, including HAMP

On September 9, 2021, the OCC fined Wells Fargo $250 million and issued a cease and desist order “for engaging in unsafe and unsound practice(s) related to material deficiencies regarding the Bank’s loss mitigation activities, including loan modification decisions and operational practices, and inadequate Risk Management and Internal Audit of the Bank’s loss mitigation activities.”

- The OCC found that the Bank ‘negatively affected borrowers.’
- The OCC found that “the Bank’s inadequate controls, insufficient independent oversight, and ineffective governance related to loss mitigation activities have caused the Bank’s failure to timely detect, prevent, and quantify inaccurate loan modification decisions and impaired the Bank’s ability to fully and timely remediate harmed customers.”

SunTrust committed fraud while administering HAMP, causing serious financial harm to thousands of homeowners who applied through the bank. SunTrust made material misrepresentations to homeowners applying for lower interest rates and failed to process applications in a timely fashion. SunTrust issued mass denials then lied to Treasury about why applicants were denied.

SIGTARP led the investigation that uncovered the criminal conduct and SunTrust’s unwillingness to put resources in HAMP despite taking billions in TARP funds. During the course of the investigation, investigators found that the floor of the room where SunTrust dumped unopened Fed-Ex packages of HAMP applications and other homeowner documents buckled under the packages’ sheer weight.

As part of their enforcement action with DOJ, SunTrust made corporate changes and paid $320 million to victim homeowners, housing non-profits, and the government.
On December 7, 2020, the Attorneys General, state financial services regulators, and the Consumer Financial Protection Bureau (CFPB) brought three separate, but related, enforcement actions against Nationstar, the fourth largest mortgage servicer in the nation and one of the largest participants and recipients of EESA funding in the HAMP program. These actions resulted in part from SIGTARP’s investigation. Under HAMP, Treasury makes incentive payments to mortgage servicers and investors to modify mortgages to terms and payments that are affordable and sustainable. The CFPB complaint charged Nationstar with unfair and deceptive practices from 2012 to 2016. State Attorneys General filed charges under the applicable state law, some for conduct from 2011 to 2017.

As stated by the Attorneys General, in 2012, Nationstar began purchasing mortgage servicing portfolios from competitors and grew quickly into the nation’s largest non-bank servicer.

The lawsuit alleged that as loan data was transferred to Nationstar, borrowers who had sought assistance with payments and loan modifications sometimes fell through the cracks.¹

The lawsuit alleged other unlawful acts and practices by Nationstar, including:

- Failing to properly oversee and implement the transfer of mortgage loans;
- Failing to appropriately identify loans with pending loan modification applications when a loan was being transferred to Nationstar for servicing;
- Failing to timely and accurately apply payments made by certain borrowers;
- Threatening foreclosure and conveying conflicting messages to certain borrowers engaged in loss mitigation;
- Failing to properly process borrowers’ applications for loan modifications;
- Failing to properly review and respond to borrower complaints;
- Failing to make timely escrow disbursements, including the failure to timely remit property tax payments;
- Failing to timely terminate borrowers’ private mortgage insurance; and
- Collecting monthly modified payment amounts on certain loans where the amounts charged for principal and interest exceeded the principal and interest amount contained in the trial plan agreement.

¹SIGTARP previously warned Treasury of this very risk. See SIGTARP, “Homeowners Can Get Lost in the Shuffle and Suffer Harm When Their Servicer Transfers Their Mortgage But Not the HAMP Application or Modification,” October 29, 2014, www.sigtarp.gov/audits-all.
Nationstar resolved the charges by agreeing to enhance policies and processes and paying $86.3 million, including redress, to over 115,000 harmed homeowners and a $1.5 million civil penalty. This included payments of:

- $16,242,809 to in-flight modification borrowers;
- $9,728,960 + $13.5 million to modification payment increase borrowers;
- $93,307 to tax disbursement borrowers;
- $10,832,738 to PMI borrowers;
- $20,825,235 + more than $2 million to escrow borrowers; and
- $100,000 to unlawful foreclosure borrowers.

To put this figure in perspective, Treasury has distributed $1.7 billion to Nationstar under HAMP and related programs, including $84 million in FY 2020 and nearly $63 million in FY 2021. Additionally, SIGTARP previously reported to Congress in April 2019 that Treasury had found Nationstar wrongfully canceled homeowners out of the HAMP program, set modified mortgage payments based on faulty calculations, and wrongfully denied people for HAMP. See page 17 of that report which can be found at [www.sigtarp.gov](http://www.sigtarp.gov).
Federal Court Sentences Man to Prison for Participating in Multimillion-Dollar Fraud Scheme Against Those Seeking Assistance From HAMP

On August 20, 2021, Mario Alvarenga was sentenced to six months in prison and three years of supervised release, ordered to forfeit $189,000, and ordered to pay restitution of more than $9.4 million after pleading guilty to conspiracy to commit fraud, bank fraud, and conspiracy to commit obstruction of justice, for participating in a scheme to fraudulently induce distressed homeowners to sell their homes to a company associated with defendants, Launch Development, LLC.

Since at least 2013, Alvarenga and his co-conspirators defrauded distressed homeowners throughout the Bronx, Brooklyn, and Queens, New York, by falsely representing to these homeowners – some of whom were elderly or in poor health – that they could assist the homeowners with a loan modification or similar relief from foreclosure that would allow the homeowners to save their homes. However, rather than assisting these homeowners, the defendants deceived them into selling their homes at a settlement to Launch Development, a for-profit real estate company also affiliated with Alvarenga and his co-conspirators. The homeowners did not know that they were selling their homes to Launch Development for well below market value. One of the co-conspirators went to a homeowner’s home and demanded that the homeowner vacate the premises or eviction proceedings would commence. This fraud generated millions of dollars because the houses were then re-sold at enormous profits.

SIGTARP was joined in the investigation by the FBI and the New York State Department of Financial Services. The U.S. Attorney's Office for the Southern District of New York prosecuted the case.

California Man Sentenced to More than Four Years in Prison in $2.3 Million Fraud Scheme Under False Names that Victimized More than 400 Homeowners Related to HAMP Program

In September 2021, a federal court sentenced Brian Joseph Pacios to 52 months in prison, the fifth defendant sentenced to prison for a nationwide scheme that defrauded more than 400 homeowners. The court also sentenced Pacios to pay restitution of more than $2.3 million.

During 2014 and 2015, Pacios and four co-conspirators operated under aliases and told homeowners they worked for HOPE Services, later changed to HAMP Services, which sounded similar to the HAMP program. They falsely told victims they were part of a non-profit, government-affiliated agency, and that the homeowners were eligible and approved for loan modifications. The homeowners were instructed to make three trial payments that would be held in a trust account or escrow, but not to inform their lender about the trial payments. Pacios and co-conspirators fraudulently received at least $2.3 million in trial payments from more than 400 victims nationwide spanning from their base of operation in California to points as far as Egg Harbor City, New Jersey, and Mount Airy, Maryland. Instead of using the funds to assist homeowners, the funds were spent on sales commissions and living expenses of Pacios and the others, as well as trips to Las Vegas.

The court previously sentenced four co-conspirators to prison. Alan Jessie Chance was sentenced to twelve months in prison and three years supervised release. Chad Caldaronello was sentenced to three years and five months in prison. Michael P. Paquette was sentenced to one year and three months in prison. Dennis Lake was sentenced to three years probation and six months home confinement. The FBI and Federal Trade Commission were instrumental in assisting SIGTARP in this investigation. The United States Attorney's Office for the Central District of California prosecuted the case.
100 DEFENDANTS WHO DERAINED HOMEOWNERS SENTENCED TO PRISON

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

Nearly 31,000 Homeowners across all 50 States were Victims of Scammers

Total Victim Households 30,821
Victims with no State listed 3,420
SIGTARP’S OVERSIGHT OF TREASURY’S TARP INVESTMENTS IN BANKS AND SECURITIES TRADING
RESULTS OF SIGTARP’S BANK INVESTIGATIONS

SIGTARP continues to support criminal prosecutions by DOJ of TARP bankers and co-conspirators, as well as parallel civil actions by the Securities and Exchange Commission (SEC). The bank fraud, securities fraud, money laundering, and other crimes and civil violations of law uncovered by SIGTARP hurts banks’ stability and their ability to lend to communities.

As of September 30, 2021

*B includes two convictions vacated due to death or subsequent cooperation with the Government.
INVESTIGATIONS AND PROSECUTIONS
DO NOT END WHEN A BANK EXITS TARP

Just as a bank robber cannot escape prosecution by returning the stolen money, a banker defrauding a TARP bank cannot escape prosecution by DOJ simply because the bank exited TARP. The bankers that SIGTARP investigates have engaged in money laundering, fraud, or other crimes against the bank. These are not victimless crimes. These crimes destabilize the bank, often cause losses, and hurt the bank’s ability to lend to its communities. Bankers committing these crimes must be held accountable through the criminal justice system and removed from the bank. The same is true for civil charges by the SEC against bankers at public companies.

SIGTARP has brought landmark cases that changed the Federal Government’s bank prosecutions. Since the Savings & Loan Crisis, the DOJ has largely limited prosecutions to cases where the banker had some conflict of interest and made a personal profit. SIGTARP found that during the Great Recession, some bankers fraudulently inflated the bank’s financial condition so that bank regulators, Treasury, and the investing public could not know about the decline in the financial condition. Some of these banks failed. Some raised capital from investors based on false financials. Some used those artificially inflated financials to obtain TARP funding.

Bank investigations and prosecutions are complex and lengthy. The ten-year statute of limitations recognizes the time it takes for the government to find the crime, investigate it, and bring criminal charges. Once SIGTARP refers the case to DOJ for prosecution, SIGTARP works with the prosecutors until the prosecution is complete, which can take years.

The bank may exit TARP during the investigation and/or prosecution, which has no bearing on SIGTARP’s work. Currently, there is one bank and two credit unions in TARP. One United Bank received $12.06 million in TARP and has missed dividends of $8.99 million. Cooperative Center Federal Credit Union received $559,000 and D.C. Federal Credit Union received $500,000 in TARP. In February 2021, Harbor Bankshares Corporation exited TARP after more than a decade, with Treasury taking a 70 percent loss ($4.7 million). SIGTARP’s investigations of Harbor Bankshares resulted in criminal prosecutions. The court sentenced the vice president to two months in prison for receiving a bribe in a scheme to defraud the bank. The court also sentenced two co-conspirators to prison for 30 months and 18 months.

While some of our bank investigations remain confidential, we are reporting on the public results.
<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Position</th>
<th>Years in Prison</th>
<th>Supervised Release</th>
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<tr>
<td>Omni National Bank</td>
<td>5 Years Supervised Release</td>
<td>5 Years in Prison</td>
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<td>Virginia Commerce Bank</td>
<td>3 Years Supervised Release</td>
<td>6 Years and 6 Months in Prison</td>
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<td>Sonoma Valley Bank</td>
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<td>Colorado East Bank &amp; Trust</td>
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<td>5 Years Supervised Release</td>
<td>3 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>FirstCity Bank</td>
<td>5 Years Supervised Release</td>
<td>5 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>FirstCity Bank</td>
<td>5 Years Supervised Release</td>
<td>3 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>FirstCity Bank</td>
<td>5 Years Supervised Release</td>
<td>5 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>FirstCity Bank</td>
<td>5 Years Supervised Release</td>
<td>3 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>FirstCity Bank</td>
<td>5 Years Supervised Release</td>
<td>5 Years in Prison</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Title</td>
<td>Bank</td>
<td>Sentencing Details</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Thomas Hobble</td>
<td>Executive Vice President</td>
<td>Orion Bank</td>
<td>2 Years and 6 Months in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>Charles Antonucci</td>
<td>CEO, President</td>
<td>Orion Bank</td>
<td>2 Years and 6 Months in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>Mary B. Halsey</td>
<td>2 Years in Prison</td>
<td>Park Avenue Bank</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Joseph Tobin</td>
<td>CEO, President</td>
<td>Cecil Bank</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Regina Harper</td>
<td>Vice President, Loan Officer, CEO, President</td>
<td>First Community Bank</td>
<td>2 Years in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>James Laddie</td>
<td>CEO, President</td>
<td>MNC/Coast Community Bank, Artisan's Bank</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Michael Erickson</td>
<td>Loan Officer</td>
<td>Southern Bancorp</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Angel Guerron</td>
<td>Senior Vice President, Relationship Manager</td>
<td>Orion Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Vivan Tat</td>
<td>Branch Manager, Vice President</td>
<td>East West Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Karim Lawrence</td>
<td>Vice President, Loan Officer</td>
<td>Omni National Bank</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Joseph Terranova</td>
<td>CEO, President</td>
<td>Wilmington Trust Company</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Don Langford</td>
<td>Loan Officer, CEO, President</td>
<td>TierOne Banks</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Allen Reichman</td>
<td>Loan Officer</td>
<td>Oppenheimer and Company</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Ricky Haplik</td>
<td>Loan Officer</td>
<td>Lone Star Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Tao Kim</td>
<td>Relationship Manager</td>
<td>Citibank, Wilmington Savings Fund Society, FSB</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Poppe Marya</td>
<td>Branch Manager, Vice President</td>
<td>Gateway Bank, T.S.B</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Paul Ryan</td>
<td>CEO, Board Member</td>
<td>Broadway Federal Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Michael &quot;Sean&quot; Davis</td>
<td>Loan Officer, President</td>
<td>Premier Community Bank of the Emerald Coast, Bank of America, Beach Community Bank Case</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Peter W. Hayes</td>
<td>Loan Officer, CEO, President</td>
<td>Wilmington Trust Company</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Brian Hults</td>
<td>Loan Officer, Board Member, President</td>
<td>Wells Fargo Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Jose Martinez</td>
<td>CEO, President</td>
<td>NOVA Financial Holdings, Inc., NOVA Bank</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Matthew L. Morris</td>
<td>Senior Vice President</td>
<td>The Park Avenue Bank</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Justin T. Brough</td>
<td>Senior Vice President</td>
<td>Bank of America</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Barry Bakkeud</td>
<td>Senior Vice President</td>
<td>Pierce Commercial Bank (Subsidiary)</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Jeannette Salhi</td>
<td>Loan Officer, CEO, President</td>
<td>Pierce Commercial Bank (Subsidiary)</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Brian W. Harrison</td>
<td>Branch Manager, Vice President</td>
<td>First Legacy Community Credit Union</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Phillip Alan Owen</td>
<td>Loan Officer, President</td>
<td>Wells Fargo Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Saundra Torrence aka/ Saundra Scales</td>
<td>Loan Officer</td>
<td>NOVA Financial Holdings, Inc, NOVA Bank</td>
<td>5 Years Supervised Release</td>
</tr>
<tr>
<td>Timothy Murphy</td>
<td>Time Served</td>
<td>Excel Bank</td>
<td>2 Years Supervised Release</td>
</tr>
<tr>
<td>Samuel Cobb</td>
<td>Vice President</td>
<td>Gulf South Private Bank</td>
<td>3 Months in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>Candice White</td>
<td>Senior Vice President</td>
<td>Fiduciary Bank</td>
<td>3 Months in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>Teresa Kelly</td>
<td>Operations Supervisor</td>
<td>Fiduciary Bank</td>
<td>2 Years in Prison 2 Years Supervised Release</td>
</tr>
<tr>
<td>Alice Lorraine Barney</td>
<td>Assistant to Shawn Purkitt</td>
<td>Pierce Commercial Bank (Subsidiary)</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Rodney Dunn</td>
<td>Vice President, Loan Officer</td>
<td>Harbor Bank of Maryland</td>
<td>2 Years in Prison 2 Years Supervised Release</td>
</tr>
<tr>
<td>Sonja Lightfoot</td>
<td>CEO, President</td>
<td>Pierce Commercial Bank</td>
<td>3 Months in Prison 3 Years Supervised Release</td>
</tr>
<tr>
<td>Timothy Murphy</td>
<td>Executive Vice President</td>
<td>Excel Bank</td>
<td>3 Years Supervised Release</td>
</tr>
<tr>
<td>Michael Erickson</td>
<td>Loan Officer</td>
<td>Southern Bancorp</td>
<td>3 Years Supervised Release</td>
</tr>
</tbody>
</table>
74 BANKERS SENTENCED TO PRISON (continued)

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
Vice President
Lend America, Gateway Bank F.S.B.

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

Michael W. Yancey
Time Served: 3 Years Supervised Release
Senior Vice President
Farmers Bank & Trust, N.A.

Benjamin Leske
Time Served: 1 Month Home Confinement
Loan Officer
Pierce Commercial Bank (Subsidiary)

Ed Rounds
Time Served: 2 Years Supervised Release
CEO, CFO, Chairman; President, Chairman, MainStreet Bank; Calvert Financial Corporation

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

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

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

Daryl Woods
Time Served: 6 Months Home Confinement
CEO, CFO, Chairman; President, Chairman, MainSteel Bank; Calvert Financial Corporation

Jeremy Churchill
Time Served: 6 Months Home Confinement
Vice President, Commercial Loan Officer
Bank of the Commonwealth

Matthew David Sweet
Time Served: 1 Year Home Confinement
Vice President, Controller
One Bank and Trust, N.A.

Michael Craig Brewster
Time Served: 1 Year Home Confinement
Executive Vice President, Senior Loan Officer
Rover City Bank

5 BANKERS SENTENCED TO HOME CONFINEMENT
68 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 83 CONVICTED

Lee Bently Farkas
3 Years Supervised Release
Chairman, co-founder
Securities one (SALES Bank Case)

Mark Anthony McBride
14 Years and 9 Months in Prison
President
Samuel Taylor & Co. (SALES Bank Case)

Delroy Day
14 Years in Prison
5 Years Supervised Release
Owner
European Mortgage Group LLC (Omaha National Bank Case)

George Hanowski
14 Years in Prison
5 Years Supervised Release
Owner
C & A Construction, LLC (Bank of the Commonwealth Case)

Wilson Anthony Huff
12 Years in Prison
5 Years Supervised Release
CEO
O2 HR, LLC; Oxygen Unlimited, LLC (Park Avenue Bank Case)

Eric Menden
11 Years and 6 Months in Prison
3 Years Supervised Release
CEO
345 Grant, LLC; Nordic Properties (Bank of the Commonwealth Case)

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

Richard Pinto [deceased]
9 Years and 3 Months in Prison
5 Years Supervised Release
Chairman, co-founder
Pittsburgh Collection Agency (SALES Bank Case)

Pablo Hernandez
7 Years and 3 Months in Prison
3 Years Supervised Release
Owner
345 Grant, LLC (Saigon National Bank Case)

Daniel Sexton
7 Years and 3 Months in Prison
3 Years Supervised Release
Owner
Oxford Collection Agency (SALES Bank Case)

David Lonich
6 Years in Prison
3 Years Supervised Release
President
50 Johnson Realty, LLC (Biltmore Bank Case)

Desiree Brown
6 Years in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Lawrence Wright
6 Years in Prison
3 Years Supervised Release
CEO
Whitewater Real Estate Investments, LLC ( Carolina South Private Bank Case)

Francesco Mileto
5 Years in Prison
5 Years Supervised Release
CEO
Florida Metro DOE, LLC; Southeast Retail Portfolio, LLC; Trustee; TMLI Heritage, LLC; (Shore Bank Case)

Mohul Khatiwhala
9 Years and 3 Months in Prison
5 Years Supervised Release
CEO
1st Executive Office, Delaware Hotel Group, LLC (Closet Bank Case)

Peter Pinto
4 Years and 3 Months in Prison
3 Years Supervised Release
CEO
Pittsburgh Collection Agency (SALES Bank Case)

Leonard Potillo
3 Years and 10 Months in Prison
3 Years Supervised Release
President
TriStar Credit Recovery LLC (TriStar Financial, LLC; JP Morgan, U.S. Bank, Webster Bank, Wells Fargo Case)

Paul O’Toole
3 Years and 4 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Brent Mohr
5 Years in Prison
3 Years and 3 Months in Prison
CEO
Whitewater Real Estate Investments, LLC (Carolina South Private Bank Case)

Moham Hoss
5 Years in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Michael Lutz
5 Years in Prison
3 Years Supervised Release
CEO
Whitewater Real Estate Investments, LLC (Carolina South Private Bank Case)

Brian Headle
5 Years and 6 Months in Prison
3 Years Supervised Release
CEO
American Bank of America, CIGroup, PNC Bank, U.S. Bank, Wells Fargo Case

Delio Coutinho Sr.
20 Years in Prison
10 Years Supervised Release
CEO
Bootleggers, Maxwell’s Tavern, Body Shop Go-Go club (Park Avenue Bank Case)

Delton DeArmas
3 Years in Prison
3 Years Supervised Release
CEO
345 Granby, LLC; Norfolk Property Development LLC (Bank of the Commonwealth Case)

Sam Taylor
2 Years and 6 Months in Prison
3 Years Supervised Release
CEO
345 Granby, LLC; Norfolk Property Development LLC (Bank of the Commonwealth Case)

Carmine Fusco
3 Years in Prison
3 Years Supervised Release
CEO
Bootleggers, Maxwell’s Tavern (Park Avenue Bank Case)

Raymond Tan
3 Years in Prison
2 Years Supervised Release
Chairman
345 Grant, LLC (Saigon National Bank Case)

Zahid Alam
3 Years in Prison
2 Years Supervised Release
CEO
345 Grant, LLC (Saigon National Bank Case)

David Odum
2 Years and 6 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Thomas Arney
2 Years and 3 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Mohsen Hass
2 Years and 3 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Delio Coutinho Jr.
2 Years and 2 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Brenda Wood
2 Years and 2 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Michael Litz
2 Years and 2 Months in Prison
3 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Thomas Asen
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Mohsen Hass
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Francesco Mileto
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Mohul Khatiwhala
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Brenda Wood
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Michael Litz
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Mohul Khatiwhala
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)

Brenda Wood
2 Years and 2 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker (Colonial Bank Case)
68 BANKER CO-CONSPIRATORS SENTENCED TO PRISON

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

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

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

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

Sheila Flynn
2 Years in Prison
5 Years Supervised Release
Owner/Operator
Wells Fargo Bank Case

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

Wang Gao Wag
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Residential Real Estate and Construction, LLC (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Case)

Matthew Amento
1 Year and 6 Months in Prison
2 Years Supervised Release
Owner/Operator
Wells Fargo and Co. Case

Darryl Wesley Clements
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
City National Bank Case

William Cody
1 Year and 6 Months in Prison
2 Years Supervised Release
Owner/Operator
Subsidiary
Wells Fargo Bank Case

Joseph DiIulio
1 Year and 6 Months in Prison
3 Years Supervised Release
Loan Officer
Wells Fargo Bank Case

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

Hua Leung
1 Year and 6 Months in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Christopher Woods
1 Year and 4 Months in Prison
2 Years Supervised Release
Owner/Operator
San Antonio Bank Case

Richard Cheung
1 Year in Prison
5 Years Probation
Owner
Wells Fargo Bank Case

Amado Galgietti
1 Year in Prison
5 Years Supervised Release
Owner/Operator
Bank of America, Citigroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Carlos Peralta
1 Year in Prison
3 Years Supervised Release
Project Manager/Partner
Taylor, Bean & Whitaker (CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Salvatore Leone
1 Year in Prison
3 Years Supervised Release
Project Manager/Partner
Taylor, Bean & Whitaker (CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Derrick Cheung
1 Year in Prison
2 Years Supervised Release
Owner
CET Racing (Oehnlisch Corporation Case)

Alberto Solaroli
1 Year in Prison
2 Years Supervised Release
Owner/Operator
Standard Mortgage Corporation LLC (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Jose Luis Salguero Bedoya
10 Months in Prison
5 Years Supervised Release
Owner/Operator
New Jersey Real Estate Holding, New Jersey Property Management, (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Jason Maurice Robinson
6 Months in Prison
5 Years Supervised Release
Owner/Operator
Buckeye Building and Construction, LLC (CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Miguel LaRosa
6 Months in Prison
3 Years Supervised Release
Owner/Operator
Wells Fargo Bank Case

RaymundoZhao
4 Months in Prison
3 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Sean Ragland
3 Months in Prison
3 Years Supervised Release
Owner/Operator
New Jersey Real Estate Holding, New Jersey Property Management, (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Mina Chau
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Charles Harris
2 Years in Prison
3 Years Supervised Release
Owner/Operator
Oxford Collection Agency Inc. (Oxford Collection Case)

Darryl Wesley Clements
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
City National Bank Case

Miguel LaRosa
6 Months in Prison
3 Years Supervised Release
Owner/Operator
Wells Fargo Bank Case

Ruimin Zhao
3 Months in Prison
3 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Bruce Houle
1 Day in Prison
3 Years Supervised Release
Owner/Operator
Bayside Development Corporation LLC (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Mark W. Schoemaker
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Michael Bradley Bowden
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Yazmin Soto-Cruz
Time Served
8 Months Home Confinement
Owner/Operator
Bank of America, Citigroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

James House
Time Served
3 Years Supervised Release
Owner/Operator
Sonoma Valley Bank Case

Arthur Anthony
Time Served
3 Years Supervised Release
Owner/Operator
Blackstone Development Group (Saigon National Bank Case)

Daniel Whitehurst
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Mina Chau
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Charles Harris
2 Years in Prison
3 Years Supervised Release
Owner/Operator
Oxford Collection Agency Inc. (Oxford Collection Case)

Arthur Anthony
Time Served
3 Years Supervised Release
Owner/Operator
Blackstone Development Group (Saigon National Bank Case)

Darryl Wesley Clements
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
City National Bank Case

Miguel LaRosa
6 Months in Prison
3 Years Supervised Release
Owner/Operator
Wells Fargo Bank Case

Ruimin Zhao
3 Months in Prison
3 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Bruce Houle
1 Day in Prison
3 Years Supervised Release
Owner/Operator
Bayside Development Corporation LLC (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Mark W. Schoemaker
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Michael Bradley Bowden
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Yazmin Soto-Cruz
Time Served
8 Months Home Confinement
Owner/Operator
Bank of America, Citigroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

James House
Time Served
3 Years Supervised Release
Owner/Operator
Sonoma Valley Bank Case

Arthur Anthony
Time Served
3 Years Supervised Release
Owner/Operator
Blackstone Development Group (Saigon National Bank Case)

Daniel Whitehurst
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Mina Chau
2 Years in Prison
2 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Charles Harris
2 Years in Prison
3 Years Supervised Release
Owner/Operator
Oxford Collection Agency Inc. (Oxford Collection Case)

Arthur Anthony
Time Served
3 Years Supervised Release
Owner/Operator
Blackstone Development Group (Saigon National Bank Case)

Darryl Wesley Clements
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner/Operator
City National Bank Case

Miguel LaRosa
6 Months in Prison
3 Years Supervised Release
Owner/Operator
Wells Fargo Bank Case

Ruimin Zhao
3 Months in Prison
3 Years Supervised Release
Owner/Operator
Saigon National Bank Case

Bruce Houle
1 Day in Prison
3 Years Supervised Release
Owner/Operator
Bayside Development Corporation LLC (Bank of America, Citigroup, PNC Bank, U.S. Bank, Wells Fargo Bank Case)

Mark W. Schoemaker
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case

Michael Bradley Bowden
1 Day in Prison
3 Years Supervised Release
Owner/Operator
CitiGroup Inc.; PNC Bank, U.S. Bank, Wells Fargo Bank Case
43 DEFENDANTS WHO DEFERAUDED TARP BANKS SENTENCED TO PRISON

David McMaster
15 Years and 5 Months in Prison
5 Years Supervised Release
Owner/Operator
Nationwide Mortgage Concepts
(Victim: BNC National Bank)

Robert Egan
8 Years and 6 Months in Prison
5 Years Supervised Release
President
Nationwide Mortgage Concepts
(Victim: BNC National Bank)

Scott Powers
Edward Shannon Polen
Chung Yo Young
Bernard McCarry
Leigh Farrington Fiske
6 Years and 6 Months in Prison
5 Years Supervised Release
CEO
Nationwide Mortgage Concepts
(Victim: BNC National Bank)

CEO
Waikele Properties Corp
(Victim: Goldman Sachs, Wells Fargo, JPMorgan Chase Bank, N.A.)

CEO
Bank of America, NY Community Bank Corp
(Victim: Wells Fargo Bank, U.S. Bank)

Scott Powers
Edward Shannon Polen
Chung Yo Young
Bernard McCarry
Leigh Farrington Fiske
6 Years and 6 Months in Prison
5 Years Supervised Release
CEO
Nationwide Mortgage Concepts
(Victim: BNC National Bank)

CEO
Waikele Properties Corp
(Victim: Goldman Sachs, Wells Fargo, JPMorgan Chase Bank, N.A.)

CEO
Bank of America, NY Community Bank Corp
(Victim: Wells Fargo Bank, U.S. Bank)
43 DEFENDANTS WHO DEFEAED TARP BANKS SENTENCED TO PRISON
(continued)

Dahianara Moran
Time Served: 1 Year Home Confinement
Former Director of Human Resources at The Psychological Center Inc.
(Victim: 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: Excel Bank)

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

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

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

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

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

Defendant who defrauded TARP banks sentenced to home confinement

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

Arodono Haskins 1 year Field Operations Manager Detroit Building Authority
Anthony Daguanno 1 year Sr. Estimator, Adamo Group (Detroit Building Authority Contractor)
Todd Taylor 1 day Florida Housing Finance Corp., HHF Applicant
Keylon Wright 1 day SC Housing, HHF Mortgage Payment Assistance
Joshua David Armato 1 day SC Housing, HHF Mortgage Payment Assistance
Marvette Thompson Easterling 1 day SC Housing, HHF Mortgage Payment Assistance

CONTRACTOR BANNED

Richard Berg and Environmental Specialty Services Banned by the Detroit OIG from doing business with the city of Detroit for 20 years

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

SCAMS USING TARP

Julius Blackwelder 3 years and 10 months
John Farahi 10 years
Gordon Grigg 10 years
Xue He 5 years and 3 months
Abraham Kirschbaum 1 year and 6 months
Carla Lee Miller 8 months
Jesus Fernando Montes 1 year and 6 months
Thomas Dickey Price 1 year and 6 months
Michael Ramdat 1 year and 9 months
Eduardo Garcia Sabag 3 months
Marvin Solis 2 years and 3 months
David Tamman 7 years
Mark Steven Thompson 1 year and 6 months
Robert Wertheim 1 year and 6 months
SIGTARP’S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

New Jersey Hotel Owner Sentenced to 63 Months in Prison for Defrauding TARP Bank in $15 Million Loan Fraud Resulting in $3.6 Million Loss

On April 29, 2021, Mehul Khatiwala, a New Jersey resident who owned various hotels, was sentenced to 63 months in prison, followed by four years of supervised release, fined $50,000, and ordered to pay restitution of $3,593,801 for his role in defrauding Cecil Bank. In April 2019, Khatiwala was convicted of conspiracy to commit bank fraud and three counts of bank fraud for defrauding Cecil Bank to obtain loans to purchase hotels and a multifamily residential property, resulting in losses of $3.6 million. In December 2008, Cecil Bank received an $11.56 million bailout from TARP. While the bank was in TARP, from 2011 to 2014, Khatiwala defrauded the bank out of $15 million in loans. The bank suffered $3.6 million in losses on those loans. In June 2017, Cecil Bank filed bankruptcy, resulting in losses to TARP of more than $10.6 million. U.S. Attorney for the District of Maryland, Robert Hur, whose office prosecuted the case stated, “The defendant used deceit to steal millions of dollars from the victims, which ended up including not only the bank but the American taxpayers.” SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the Small Business Administration Office of Inspector General.

Senior Loan Officer/Executive Vice President in TARP Bank in Georgia and Co-Conspirator Sentenced for Fraud

On September 8, 2021, Michael Craig Brewster of Huntsville, Alabama, former senior loan officer and Executive Vice President at TARP recipient River City Bank in Rome, Georgia, pled guilty to a charge of receipt of gifts or commissions in exchange for procuring loans. He was sentenced on the same day to 12 months home confinement and three years of supervised release, fined $5,000, and ordered to pay restitution of $46,948. On September 23, 2021, co-conspirator Edmond Cash pled guilty to a count of bank fraud. His sentencing is scheduled for January 2022. River City Bank failed to pay nine quarterly dividend payments to Treasury while in TARP, totaling more than $1 million. Treasury also wrote off $826,721 after auctioning off its preferred shares in a loss.

According to the indictment originally returned in February 2021, Cash was involved in developing and investing in residential neighborhood construction projects, including in the Longbranch Lakes development in Spencer, Tennessee. Brewster purchased and sold property in the development. Cash was the lead developer for Longbranch Lakes and another co-conspirator, LaDonna Barton, was his company's employee and an investor in the development. Cash and his business partners allegedly were past due on several loans taken out from River City Bank. Cash and Barton falsely applied for a bank loan for Barton to purchase two parcels of property, when the true purpose of the loan was for Cash to make past due payments on loans that he and his business partners owed to the bank. One day after the bank disbursed the loan proceeds, Barton and Cash made past due payments on loans owed to the bank, paid operating costs for Longbranch Lakes, and pocketed the remaining loan proceeds.

SIGTARP was joined in the investigation by the Federal Deposit Insurance Corporation Office of Inspector General. The U.S. Attorney for the Northern District of Georgia is prosecuting the case.
SIGTARP’S OVERSIGHT OF THE HARDEST HIT FUND
SIGTARP’s Oversight

SIGTARP conducts oversight through investigations, audits, and evaluations of EESA’s $9.7 billion HHF, announced by President Obama in 2010 and expanded in 2016 by Congress (which moved $2 billion to HHF from HAMP). HHF provided $9.7 billion to 19 state housing finance agencies to address ongoing local housing needs. Additionally, Treasury allows state agencies to recycle back into the program interest and recoveries from liens. Recoveries from SIGTARP investigations and audits also recycle back into the program.

SIGTARP investigates and supports the prosecution of corruption, fraud, and environmental crimes in demolitions of blighted properties under HHF. We continue to bring justice to individuals who defrauded the HHF mortgage assistance program. Our auditors and evaluators help ensure that the assistance effectively reaches those intended to be helped by identifying obstacles, roadblocks, waste, abuse, or risk of violation of program rules.
SIGTARP INVESTIGATIONS

As with all investigations, SIGTARP investigations for criminal and civil violations of the law are backwards-looking, seeking justice and accountability for past violations of the law, and assisting in recovering dollars lost to fraud. Fraud, waste, and abuse cannot happen while federal funds are unspent and safe in a government account. Criminal and civil law enforcement actions take time to investigate and prosecute though the courts. A non-complex criminal investigation and prosecution of crime in HHF can take three to five years, which is extended for more complex cases. The fact that a state agency may close its HHF program while SIGTARP’s investigation is pending will not stop SIGTARP or prosecutors (such as the DOJ and state Attorneys General) from bringing justice and accountability to individuals or entities that violated the laws and could do so again. Prosecutions have already resulted in prison sentences, convictions, payment of losses and fines, and contractor bans.

SIGTARP Investigations in the HHF Blight Demolition Subprogram

SIGTARP investigates corruption, bribery, other anti-competitive acts, fraud, environmental/safety and other crimes, as well as civil violations of the law or program rules in the HHF blight demolition subprogram. SIGTARP spends significant resources investigating crimes that could have been deterred if: (1) Treasury had implemented SIGTARP’s prior audit recommendations, (2) Treasury had implemented controls to mitigate the risk of contaminated dirt, asbestos exposure, and illegal dumping in HHF blight demolitions, and (3) Treasury had mitigated anti-competitive actions in demolition contracts.

SIGTARP has a number of ongoing confidential criminal investigations and is working actively with the DOJ and state Attorneys General offices. Public results of our investigations include:

- In FY 2021, an asbestos abatement contractor who allegedly was chosen as a subcontractor in Detroit demolitions due to bribes was criminally charged by the Michigan Attorney General for bribery, money laundering, and false pretenses, and violating Michigan law requiring abatement companies to be independent from air monitoring companies who monitor post-abatement air quality to safeguard the public’s health.

- In FY 2021, a SIGTARP investigation into four contractors conducting demolitions in Detroit, including in HHF, determined that the contractors used dirt from the I-94 road project to fill the demolition hole – dirt that had not been approved for use for demolition projects. These findings are reported by the Detroit OIG which partnered with SIGTARP.

- In FY 2021, an official from a land bank in Cleveland, Ohio – a land bank that received nearly $60 million from HHF – was convicted and sentenced to probation for lying to federal agents, including a SIGTARP agent, who were conducting an investigation about work that a contractor with the land bank did to the land banks official’s house. The official did not pay for that work.

- In FY 2020, the head of a major Detroit demolition subcontractor and the subcontractor itself were barred for 20 years from contracts in Detroit for paying bribes on at least 71 occasions for HHF contracts. This contractor was paid $6.2 million in HHF from 2014 to 2018 for asbestos abatement, and $545,000 for asbestos abatement remediation. The Detroit OIG, which issued the disbarment after partnering with SIGTARP, found that the contractor and the City of Detroit took only minimal steps to prevent this from occurring in the future. Previously, the Detroit OIG had issued a suspension because the contractor provided asbestos abatement services that could impact the health, safety, and welfare of Detroit residents.
• In FY 2020, SIGTARP agents arrested an Illinois contractor for fraud in HHF demolitions in Hammond, Indiana. The contractor was paid more than $100,000 in HHF. In FY 2021, the contractor was convicted of fraud charges brought by DOJ and sentenced to home confinement, two years probation, and ordered to pay over $108,000 in restitution. The fraud related to illegal dumping of the demolition debris in unknown locations enabled him to avoid the registered facility fee.

• In FY 2020, SIGTARP agents arrested an Indiana contractor who DOJ charged with theft for HHF demolitions in Logansport, Indiana. The charges alleged that the contractor submitted false and fraudulent documents between 2015 and 2017, confirming that he properly disposed of demolition debris. The indictment alleged that the contractor improperly disposed of demolition debris on-site.

• In FY 2019, the Detroit city official in charge of demolition bids for HHF was sentenced to prison after his conviction for bribery, conspiracy, and fraud related to HHF contracts. The court ordered the official to forfeit $26,500 for bribes he accepted and to pay a $5,000 fine. Detroit is the largest participating city in the program with more than $250 million in EESA funding. The official started taking bribes from subcontractors when he worked for Adamo, one of the lead contractors in HHF demolitions in Detroit, and then continued taking bribes as a city official. As a city official he took bribes in exchange for providing confidential information about bids which ensured the contractor paying the bribes was awarded lucrative contracts. The prosecuting U.S. Attorney said that the corruption of the government contracting damaged the integrity of the program and broke the public trust.

• In FY 2019, a senior official from Adamo was sentenced to prison after his conviction for conspiracy to commit fraud by taking bribes and kickbacks from a subcontractor related to demolition contracts in Detroit, including in the HHF program. The senior official accepted more than $372,750 in bribes and kickbacks on 71 occasions, in exchange for providing confidential information about bids ensuring that the subcontractor was awarded lucrative contracts. The court ordered the official to forfeit the $372,750 in bribes he took and to pay a $10,000 fine.

• In FY 2019, DOJ 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. Martin settled with Fort Wayne to pay $800,000 for the cost to excavate and remove all the construction debris and replace with approved fill dirt, and for other damages.
**SIGTARP Investigations of Fraud in HHF Mortgage Assistance Programs**

SIGTARP investigates and supports the prosecution by federal, state, or local prosecutors of individuals who defrauded the program and received mortgage assistance to which they were not entitled. In some instances, these individuals were also defrauding other federal assistance programs. It is important to bring justice to these fraudsters to deter them from defrauding other programs in the future. Additionally, court sentencing after conviction includes an order of repayment of illegally obtained HHF mortgage – funds that can be recycled into the program to be available for individuals suffering pandemic-related unemployment and other hardships.

SIGTARP investigations have led to the prosecution of 12 HHF mortgage assistance recipients in FY 2021. Individuals prosecuted were from California, Indiana, Illinois, Georgia, and South Carolina.
Illinois-Based Demolition Contractor Sentenced for Defrauding HHF Blight Elimination Program in Hammond, Indiana

In May 2021, Mahmoud Alshuaibi, owner of Illinois-based IESCO Construction, was sentenced on federal charges of wire fraud and theft from a local government receiving federal funds. Alshuaibi pled guilty to charges in late 2020 and admitted to submitting false and fraudulent documents to support his claim for payment from the City of Hammond, Indiana for demolition work through the HHF’s Blight Elimination Program. He admitted to failing to adhere to Blight Elimination Guidelines with respect to the demolition of these properties, including the proper disposal of debris at licensed landfills.

Instead, between June 2016 and March 2017, he disposed of the demolition debris in unknown locations enabling him to avoid the registered facility fee. Alshuaibi submitted false disposal, dumping, and clean fill dirt documentation to the City of Hammond and was paid over $100,000 under the Blight Elimination Program.

In May 2021, Alshuaibi was sentenced to six months home confinement, 24-months probation and ordered to pay $108,700 in restitution. The U.S. Attorney’s Office for the Northern District of Indiana prosecuted the case.

Illinois Man Ordered to Pay Over $82,000 in Restitution for Defrauding the U.S Treasury Department’s Mortgage Assistance Program in Indiana

In April 2021, Mohammed Khan pled guilty to a Federal false claim in the District Court of Northern Indiana. He admitted to falsely submitting a claim to the Indiana Housing and Community Development Authority in an application for HHF mortgage assistance in January 2017. He claimed to reside in Hobart, Indiana, knowing the claim was false, fictitious, and fraudulent because he resided elsewhere. As a result of his fraudulent application, from March 2017 to August 2018, he received $29,926 in HHF mortgage assistance for a property in which he did not reside.

In his plea agreement, Khan agreed to pay restitution of $29,926 to the Indiana Housing and Community Development Authority. He also agreed to pay restitution for his fraudulent receipt of benefit funds from the Illinois Department of Employment Security for unemployment fraud and to the U.S. Department of Agriculture for food stamp fraud. He was sentenced in August 2021 to 12-months probation and total restitution of $82,560.

In September 2021, Khan was remanded to custody for failing to meet the conditions of his probation. This case is being prosecuted by the U.S. Attorney’s Office in the Northern District of Indiana.

California Couple Charged for Defrauding the HHF Mortgage Assistance Program Administered through Keep Your Home California (KYHC)

In September 2021, a felony complaint was filed against Fernando Favole in the State of California. Favole and his wife applied for Unemployment Mortgage Assistance, which was part of the State of California HHF program administered by CalHFA Mortgage Assistance Corporation. In April 2016, Favole and his wife both become unemployed.

As part of the application process, Favole submitted an unemployment affidavit in June 2016 that stated it was his responsibility to provide notification if he became re-employed during the benefit assistance period. In August 2016, Favole became re-employed by Toshiba America Information Systems as a product marketing manager. In February 2017, Favole left Toshiba and became employed by Epson America, Inc. as a product manager. At no time did Favole report that he had become re-employed. In total, Favole received Unemployment Mortgage Assistance benefits from June 2016 through October 2017 in the amount of $52,083. The case is being prosecuted by the State of California Attorney General’s Office.
Placer County California Couple Charged for Fraudulently Obtaining KYHC HHF Mortgage Assistance

John and Nevenka Kordic of Granite Bay, California, received Unemployment Mortgage Assistance Benefits from KYHC for a period of 18-months from July 31, 2015, to December 23, 2016, totaling $53,676. In a 32-count felony complaint, the Kordics were charged with grand theft and obtaining services by false pretense.

One of the program requirements for KYHC Mortgage Assistance is that benefit applicants reside in the home for which they are seeking benefits and continue to reside there. Knowing this requirement, the Kordics moved from their property and failed to disclose this fact to KYHC. The Kordics began renting their property within two months of being approved and receiving mortgage assistance while simultaneously receiving rental income. This case is being prosecuted by the Placer County, California District Attorney’s Office.

California Man Charged with Defrauding HHF Mortgage Assistance Program

On July 20, 2021, a criminal felony complaint was filed in the Superior Court of California, County of Solano alleging Velimir Mlaker of Fairfield, California, committed grand theft of personal property, a violation of Section 487(a) of the Penal Code of the State of California. The complaint further alleges that while receiving KYHC Unemployment Mortgage Assistance, Mlaker became re-employed, knowingly failed to inform the KYHC program, and continued to receive approximately $3,000 per month in mortgage benefits paid to his mortgage servicer while gainfully employed. Mlaker received $44,348 in benefits over the period April 2015 through September 2016. This case is being prosecuted by the Solano County District Attorney’s Office.

California Man Convicted for Defrauding the KYHC Mortgage Assistance Program

In July 2021, Robert Charles Sneed from Indio, California, pled guilty to one count of theft of government property in violation of Title 18 USC 641 in the Central District Court in California. In late 2015, Sneed applied for benefit assistance and certified under penalty of perjury that he was unemployed, when in fact he was employed at Sunline Transit. In reliance upon Sneed’s application and affidavits, KYHC approved Sneed for mortgage assistance benefits. From March 2016 through July 2017, Sneed received monthly mortgage payments of approximately $2,200 per month for a total of $41,027 in benefit funds sourcing from Treasury. Sneed is scheduled for sentencing in October 2021. The case will be prosecuted by the Riverside United States Attorney’s Office in the Central District of California.
Northern California Woman Charged with Grand Theft and Perjury in Sacramento County, CA

In May 2021, Sheena Heer was charged in a felony criminal complaint in Sacramento Superior Court. Heer is charged with violating Section 487(a) of the Penal Code, grand theft, and Section 118(a) of the Penal Code, perjury related to the KYHC Unemployment Mortgage Assistance Program.

Between January 30, 2015, and June 24, 2016, Heer unlawfully received $29,664 in benefits designed to assist financially distressed homeowners in avoiding foreclosure. She received monthly payments over an 18-month period paid directly to her mortgage servicer, Bank of America, based upon her claim of unemployment. Prior to receiving her first month's benefit from KYHC, Heer became employed as a part-time loan processor. She started a second job, approximately one week after receiving her first benefit payment, as a post underwriter processor at a financial services company and earned income well above the limit for receiving mortgage assistance. Heer was aware of her requirement to notify KYHC upon re-employment and signed an unemployment affidavit she knew to be false. This case is being prosecuted by the Sacramento County District Attorney's Office.

Georgia Man Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance in South Carolina

On July 22, 2021, Joshua David Armato was sentenced to time served and five years probation for defrauding the SC HELP HHF program. From January 18, 2017, to August 1, 2018, Armato knowingly obtained $34,218 in HHF mortgage assistance under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Armato and his wife moved in August 2017 and rented the property. Armato concealed that the property was no longer owner occupied and concealed rental income. The U.S. Attorney's Office for the District of South Carolina prosecuted the case.

Indiana Woman Accepts Agreement to Plead Guilty to Fraudulently Obtaining HHF Mortgage Assistance

On August 9, 2021, a six count plea agreement was filed on Natasha Banister in Madison County, Indiana Circuit Court. The plea agreement was comprised of three counts of welfare fraud and three counts of perjury. Natasha Banister applied for and received Indiana Housing and Community Development Authority Unemployment Bridge Program benefit assistance totaling $28,514, based on false statements surrounding a home owned by her boyfriend. In March 2014, Banister submitted a hardship affidavit and subsequent recertification documents in the name of her boyfriend, which contained false statements, including that he resided in the residence when he was in prison. Banister received monthly mortgage assistance payments from May 2014 through December 2015, totaling $28,514. The Madison County, Indiana Prosecutor's Office is prosecuting this case.

South Carolina Woman Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance

On June 28, 2021, Keylon Wright was sentenced to time served in prison and five years supervised release after pleading guilty to bank fraud for defrauding the SC HELP HHF program. From October 1, 2015, to August 1, 2016, Wright knowingly obtained $16,063 in HHF mortgage assistance funds under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Wright lied in her application stating that the house was owner occupied when she was renting the property. She also concealed the rental income, stating that her only income was $1,000 in monthly unemployment benefits. The U.S. Attorney's Office for the District of South Carolina prosecuted the case.
South Carolina Woman Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance

On July 22, 2021, Marvette Thompson Easterling was sentenced to time served in prison and five years of supervised release after pleading guilty to bank fraud for defrauding the SC HELP HHF program. From November 7, 2014, to April 1, 2016, Easterling knowingly obtained $14,679 in HHF mortgage assistance funds under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Easterling lied in her application stating that the house was owner occupied when she was renting the property. She also concealed the rental income that came from a Section 8 housing assistance program, stating that her only income was $383 in monthly child support. The U.S. Attorney’s Office for the District of South Carolina prosecuted the case.

Indiana Couple Sentenced After Conviction for Fraudulently Obtaining HHF Mortgage Assistance

On March 22, 2021, in Elkhart Superior Court, Richard and Jennifer Knox were each sentenced to one year in jail (suspended), one year probation, $9,970 in restitution, and 40 hours of community service on their conviction of welfare fraud and perjury for defrauding the HHF program. From February 2016 until December 2017, Richard and Jennifer Knox received monthly mortgage assistance payments through the Indiana Housing and Community Development Authority for their home in Elkhart, Indiana, based upon an assertion of unemployment. In fact, Richard Knox had gained part-time employment as an automotive painter shortly after receiving benefits and then became fully employed at Keystone RV. The Knoxs submitted at least two HHF hardship recertifications throughout the benefit period stating that they continued to be unemployed, concealing Richard’s re-employment. This case was prosecuted by the Prosecuting Attorney’s Office for the County of Elkhart, State of Indiana.
SIGTARP AUDITS

SIGTARP audits and evaluations have improved the effectiveness and efficiency of HHF mortgage assistance programs by reporting on poor performance and, in one case, mismanagement by individual state agencies and identifying obstacles to the timely distribution of assistance. SIGTARP audits and evaluations of HHF blight demolition programs have identified abuse of the program as it was used to demolish lived-in houses on the desired relocation site of a car dealership. SIGTARP also warned Treasury about risks to the health and safety of communities, and risks of anti-competitive behavior in the bidding and awarding of contracts and made recommendations that, if implemented, could have deterred fraud and other crimes found by SIGTARP investigations.

SIGTARP also audits administrative costs of participating state housing agencies. SIGTARP audits have found $11 million in waste, abuse, and questioned costs. This backwards-looking work on past spending has resulted in Treasury recovering and deterring funds lost to waste and abuse. Although Treasury only recovered a small fraction of the waste identified by SIGTARP, Treasury implemented some of the SIGTARP’s important recommendations to improve Treasury’s review of administrative expenses. In 2020, Treasury recovered $395,000 from HHF state agencies based on SIGTARP recommendations.

SIGTARP Releases Evaluation of Treasury’s Public Reporting on the Home Affordable Modification Program

In June 2021, there were more than 645,000 homeowners nationwide using HAMP to stay in their homes. SIGTARP’s report found that although Treasury provides some transparency to the public on HAMP, more transparency is needed on active homeowners in the program and the performance of 118 bank and non-bank mortgage servicers that administer it. This additional transparency would provide greater insight on who is currently benefitting from HAMP and help the public understand the effectiveness of HAMP in achieving its goals to modify mortgages to be affordable and sustainable. The added transparency would also bring more accountability and insight into servicers’ poor performance and violations of Treasury’s rules.

SIGTARP found that Treasury complies with its requirement in the Dodd Frank Act to provide transparency by publishing loan-level data on participating homeowners. Transparency could be enhanced if Treasury analyzed and summarized the data on the 645,000 homeowners by geography (region, state, and city/county) and demographics (race, ethnicity, and income level), and reported this information to the public, which SIGTARP recommends.

SIGTARP also found that Treasury does not publicly report on the performance of individual mortgage servicers, missing an opportunity to bring greater accountability and insight into poor servicer performance. Key performance indicators, which SIGTARP recommends Treasury report, include reporting by servicer the number and rate of homeowners redefaulted out of HAMP. This could show above-average redefault rates, leading to greater Treasury scrutiny and potentially exposing a servicer’s wrongful redefaults of homeowners. Redefaults that disproportionately affect minorities or communities of color could also lead to greater Treasury scrutiny.

Treasury does not report on its oversight of HAMP mortgage servicers, which SIGTARP recommends. For example, Treasury has not reported that it decreased its compliance reviews of servicers, only conducting reviews of the top 14 servicers and decreasing reviews for servicers such as Wells Fargo, JP Morgan Chase, and Bank of America from four reviews in 2019 to only two in 2020.
Treasury has continued to find mortgage servicers that wrongfully redefaulted homeowners out of HAMP or took action that could lead to redefaults, such as wrongfully labeling a current homeowner as delinquent or incorrectly setting the mortgage payment too high. For example, over the last two years, Treasury found that Ocwen Loan Servicing, Bank of America, Citigroup, and NewRez LLC wrongfully redefaulted one or more homeowners out of HAMP. Treasury also found that the afore-mentioned, in addition to Specialized Loan Servicing (SLS) and Bayview, wrongfully labeled homeowners as delinquent; incorrectly set their payments too high; did not recast the mortgage or did not do so in a timely manner, which could lower payments; or violated other HAMP rules. Specifically:

- Ocwen Loan Servicing LLC (the largest HAMP servicer), or PHH Mortgage Corporation, a subsidiary of Ocwen, wrongly redefaulted a homeowner in forbearance in the fourth quarter of 2020 and wrongfully reported one borrower as delinquent in the third quarter of 2019. Treasury also found that the servicer did not timely reduce the borrower’s unpaid principal balance in the fourth quarter of 2020. In addition, Treasury found that the servicer did not send timely notices to homeowners that interest rates and therefore payments were increasing in the fourth quarter of 2019. The servicer did not accurately apply borrower incentive payments in all four quarters of 2019 and was late in recasting mortgages, which could lower mortgage payments, in the first and second quarters of 2019. SIGTARP previously reported in 2017 that Treasury found Ocwen wrongfully redefaulted homeowners out of HAMP, set mortgage modification terms based on faulty calculations, reported erroneous data, and wrongfully denied homeowners HAMP assistance.

- Bank of America redefaulted three homeowners on Coronavirus Disease 2019 forbearance plans without providing them the required advance notice and did not send recast offers to five homeowners, which could have reduced their payments, all in the fourth quarter of 2020.

- Citigroup wrongfully redefaulted one homeowner out of HAMP in the second quarter of 2019 and one homeowner in the third quarter of 2019. In addition, it did not send a recast offer to two homeowners in the first quarter of 2020, which could have reduced their payments.

- NewRez LLC wrongfully redefaulted one homeowner in the first quarter of 2019, one homeowner in the third quarter of 2019, two homeowners in the fourth quarter of 2019, one homeowner in the first quarter of 2020, and one homeowner in the third quarter of 2020. Treasury also found that the servicer used inaccurate information in recasting mortgages and was late in sending the recast notice.

- U.S. Bank incorrectly increased one homeowner’s interest rate in the first quarter of 2019 and wrongly reported one homeowner as delinquent in the third quarter of 2019, two homeowners as delinquent in the second quarter of 2019, and two homeowners as delinquent in the first quarter of 2019.

- Specialized Loan Servicing LLC did not timely reduce principal for homeowners in the first quarter of 2019 and in the third and fourth quarters of 2019 for loans transferred to SLS that were not set up properly.

- Carrington Mortgage Services LLC inaccurately calculated borrower pay-for-performance incentives in the third and fourth quarters of 2019, and did not recast mortgages accurately 99 times in all four quarters of 2019 and in the first quarter of 2020.

- Bayview Loan Servicing LLC wrongfully reported one homeowner as delinquent, did not timely reduce one homeowner’s principal, and reported other incorrect data in the first quarter of 2019.
Servicer misconduct that violates HAMP rules harms homeowners, even if only one or a few homeowners at a time. When Treasury finds a violation, it requires the servicer to remedy it for the specific homeowner. In certain cases, it requires the servicer to do a lookback review for other homeowners harmed. Treasury uses small sample sizes (e.g., 25 loans), often finding that the issue was not systemic, even if the same problem appeared in multiple quarters. Treasury often did not increase its sample size and look back to determine if the mortgage servicer similarly harmed other homeowners, which SIGTARP recommends.

Treasury also does not publicly report on its oversight efforts after filing federal and/or state enforcement actions against HAMP servicers for homeowner abuse.

**Treasury Made Significant Progress in Implementing SIGTARP's April 2020 Recommendation to Shift the Hardest Hit Fund to Assist Homeowners Suffering Pandemic-Related Hardships, Resulting in an Estimated Additional 12,000 Homeowners Who Will Receive Assistance**

In a report, *Treasury Has Been Effective at Shifting the HHF to Assist Homeowners Suffering Pandemic-Related Hardships, Efforts That Could Be Further Enhanced*, issued June 8, 2021, SIGTARP found that Treasury has been effective and has made significant progress in implementing SIGTARP’s April 2020 recommendation to shift the HHF to assist homeowners suffering pandemic-related hardships, such as unemployment or loss of income. As a result, starting in March 2020, an additional 12,000 homeowners are estimated to have received HHF assistance to stay in their homes.

Treasury extended the deadline for states to approve new applications to June 30, 2021, and has been working with state agencies in HHF to open new programs, reopen programs that had closed to new applicants, and expand eligibility to address the pandemic, among other changes outlined in the report. State agencies have until December 30, 2021, to provide the assistance to homeowners.

SIGTARP found that Treasury’s efforts could be enhanced to help even more people stay in their homes by implementing seven recommendations. SIGTARP recommended that Treasury extend the June 30 and December 30 deadlines because they have put pressure on state agencies already facing operational delays and backlogs in ramping up to respond to the pandemic. Additionally, SIGTARP recommended that Treasury recycle the $118 million recovered from four state agencies that terminated the HHF program (including three during the pandemic).

SIGTARP recommended that Treasury remove obstacles, roadblocks, and barriers including:

- Receipt of CARES Act unemployment or other stimulus funding that can make homeowners ineligible;
- Proof of state unemployment benefits that can be a barrier given backlogs in state unemployment benefits;
- Backlogs of state unemployment benefits are sometimes delivered several months at once, which can cause a homeowner to be ineligible; and,
- Treasury’s approval for state agencies that have met their spending caps but have program income available.

SIGTARP also recommended that Treasury increase transparency into its recent efforts to use HHF for the pandemic and reporting on active status of the program.
SIGTARP Recommends Controls Against Fraud and Waste in the Blight Elimination Program After Finding $13 Million Spent in Michigan on Backfill Dirt that was Missing the Required Supporting Dirt Invoices

In a management advisory letter issued June 24, 2021, SIGTARP recommended that Treasury take corrective action to require an important fraud and waste prevention control in the HHF Blight Elimination Program. SIGTARP’s review found $13 million paid to contractors in Michigan on backfill dirt that was missing the required supporting dirt invoices from 2017 through 2019. In 2017, after the Michigan agency administering HHF expressed concern that local contractors had requested excessive payments, the Detroit blight program partner required contractors to provide invoices and trip/load tickets to substantiate all costs associated with backfill dirt for which the contractors sought reimbursement. SIGTARP’s review of 100 files submitted by local contractors found none that contained the required invoices. Absent substantiating documentation, the Michigan state agency cannot verify the accuracy of actual costs for reimbursement. SIGTARP recommended 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 federal funds. SIGTARP also recommended that Treasury require state agencies to (1) conduct reviews to determine if blight partners reimbursed local contractors for invoices without substantiating the actual costs of the materials used, (2) identify the cost of those materials, and (3) recoup any excessive payments.
SIGTARP PEER REVIEWS


The Quality Assessment Review of Investigative Operations has been scheduled for 2023.

**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 2020, the Offices of Inspector General of the U.S. Department of Commerce and Tennessee Valley Authority (Review Team) conducted a Quality Assessment Review of SIGTARP’s evaluation function. The Review Team determined that SIGTARP’s policies and procedures met the seven Blue Book standards addressed in the external peer review. The reports reviewed by the Review Team met the Blue Book standards and complied with SIGTARP’s Evaluation Policies and Procedures Manual. CIGIE requires external peer reviews of OIGs conducting evaluations at least once every three years.

The most recent review is available on SIGTARP’s website at www.SIGTARP.gov, under “Peer Review Report.”
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.