



## OFFICE OF THE SPECIAL INSPECTOR GENERAL

### FOR THE TROUBLED ASSET RELIEF PROGRAM

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WASHINGTON, D.C. 20220

## LETTER FROM THE SPECIAL INSPECTOR GENERAL

SIGTARP's Quarterly Report (October 1 – December 31, 2021)

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 at least \$11.3 billion, criminal prosecutions by the Department of Justice (DOJ) and others of 465 defendants - 314 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 fraud, waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs, and bringing transparency to EESA.

SIGTARP is actively conducting audits and investigations over EESA's Home Affordable Modification Program (HAMP), which provides foreclosure relief for more than 600,000 homeowners. Treasury will provide \$1.0 billion in obligated/committed funds through December 2023 to keep these homeowners in their homes. This program supports Treasury's strategic objectives of promoting equitable financial recovery and growth, and a stable and resilient housing market. In the last quarter:

- SIGTARP announced three new evaluations of HAMP, including a review of Treasury's oversight over HAMP, and the identification through data analysis of key characteristics of both participating mortgage servicers and homeowners.
- As a result of a SIGTARP investigation, the owner of Homesafe America was sentenced to time served in prison plus two years of supervised release and ordered to pay more than \$721,000 in restitution to victims. He was convicted of a \$2.3 million dollar scam against more than 500 homeowners related to HAMP. Homesafe falsely claimed that it was affiliated with HAMP and directed homeowners not to talk to their bank. In the scam, Homesafe charged homeowners \$1,500 to \$3,000 in upfront fees that Homesafe guaranteed to return if the homeowner did not receive a HAMP mortgage modification. Homesafe stole the fees after providing no service.
- SIGTARP continued confidential investigations of financial institutions participating in HAMP.

SIGTARP also continued supporting DOJ on prosecutions of bankers at TARP banks and co-conspirators investigated by SIGTARP. For example, the former CEO of a TARP recipient credit union that failed was criminally charged and convicted of a false statement to Treasury in

connection with TARP. The CEO did not disclose to Treasury that the credit union had filed false call reports that reported millions of dollars of fictitious income to its federal regulator. As of December 2021, one bank and two credit unions remain in TARP. The fact that a bank exits TARP or that a different EESA program closes does not allow a defendant to escape criminal or civil prosecution.

As a result of SIGTARP's investigations into the Hardest Hit Fund, one defendant was convicted for defrauding the program out of mortgage assistance intended for unemployed homeowners. A court sentenced another defendant to probation for defrauding HHF's unemployment program.

It is imperative that SIGTARP fulfill its mission to bring accountability for fraud, waste, and abuse, and ensure the HAMP program is effective, efficient, and free of risk or vulnerability.

Respectfully,

MELISSA BRUCE  
Principal Deputy Special Inspector General