

SIGTARP

SEMIANNUAL REPORT TO CONGRESS
OCTOBER 1, 2021 - MARCH 31, 2022



LETTER FROM THE ACTING SPECIAL INSPECTOR GENERAL

SIGTARP's Semi-Annual Report (October 1, 2021 – March 31, 2022)

Ever since Congress created the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) under the Emergency Economic Stabilization Act (EESA), we have consistently delivered for American taxpayers. As an independent watchdog, SIGTARP has a proven record of identifying waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs.

As a law enforcement office, SIGTARP has a proven record of identifying and investigating fraud and other crimes. SIGTARP investigations have resulted in the recovery of more than \$11.3 billion while coordinating with the Department of Justice (DOJ) and other law enforcement agencies to criminally prosecute 467 defendants - 315 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.

We continue to support DOJ on prosecutions related to bankers and co-conspirators investigated by SIGTARP. During this reporting period, SIGTARP investigations led to new charges, convictions, and sentencings. For example, a real estate developer was sentenced to prison for his role in a conspiracy to defraud a TARP recipient bank. His co-conspirator is awaiting sentencing. Additionally, the former CEO of a bank was sentenced for conspiracy to mislead the Federal Deposit Insurance Corporation and the bank.

The Home Affordable Modification Program (HAMP) is the largest ongoing EESA program. According to the latest data, HAMP is providing much needed foreclosure relief to more than 586,000 participating homeowners living in all 50 states. Treasury paid \$175 million to over 100 financial institutions in fiscal year 2022 and has approximately \$900 million remaining to provide assistance into the future. SIGTARP's investigations into the HAMP program have protected consumers seeking access to HAMP and who subsequently became the victims of scams. We have brought to justice 121 convicted scammers. During this reporting period, the co-owner of a company, who conspired to victimize hundreds of homeowners in need of mortgage modification, was sentenced to prison and ordered to pay nearly \$1.2 million in forfeiture and restitution.

At the beginning of the pandemic in 2020, we recommended that Treasury shift Hardest Hit Fund (HHF) assistance to focus on homeowners impacted by COVID-19 and to shift available EESA funding to HHF unemployment mortgage assistance programs. As a result of our efforts, Treasury extended the program deadline to December 31, 2021, enabling at least 16 states to provide additional mortgage assistance to homeowners suffering hardships due to the pandemic. With the closure of the HHF program in December 2021, State agencies returned more than \$329 million to Treasury.

The fact that an EESA program closes, or the defendant is no longer taking part in the 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. The time frame of our work is not tied to the time frame of Treasury or other entities administering funds in these programs.

As investigations and audits are focused on past actions, ongoing activity in these programs adds to our future work. It is imperative that SIGTARP fulfills its mission to independently ensure that these programs are effective, and to bring accountability for fraud, waste, and abuse.

Respectfully,

MELISSA BRUCE
Acting 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 projected to operate until 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 funded 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 586,000 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. State housing agencies used HHF to provide mortgage assistance for Americans facing unemployment and underemployment due to the pandemic. The HHF program closed in December 2021.

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.

467 defendants have been criminally charged as a result of SIGTARP investigations. SIGTARP has a 96 percent DOJ conviction rate. To date, 406 defendants have been convicted, 315 of them sentenced to prison, while others await trial/sentencing. SIGTARP's investigations have led to prosecutions of more than 108 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 who stole from HHF.

More than \$11 billion has been recovered, yielding 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. So far in FY 2022, the government has recovered \$144,000 with more projected later in the fiscal year.

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 federal assistance to 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

SIGTARP CONDUCTS INVESTIGATIONS AND AUDITS OF LONG-TERM ECONOMIC STABILITY PROGRAMS

More than \$11 BILLION RECOVERED

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

\$22 billion has been spent, including \$175.1 million in FY 2022. Up to \$932 million is available to be paid into FY 2024.

As of March 31, 2022

– Recipients include –



The Hardest Hit Fund (HHF)

helped unemployed and underemployed Americans pay their mortgages, demolished blighted homes, and funded homebuyer down payments.

As of the program closure in December 2021, \$9.6 billion was obligated in the program. We will report final funding and other program data in our October 2022 semiannual report once all Treasury data is available.

As of March 31, 2022

– Recipients included –



19 state agencies



378 cities or counties and 503 local partners



More than 1,700 demolition contractors



Homeowners & homebuyers



SIGTARP



Including



\$11 Billion =
Recovered from Investigations

29x
Return on Investment

As of March 31, 2022 | 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

SIGTARP investigations have led to enforcement actions against

TWENTY FIVE

institutions





SIGTARP

Through March 31, 2022 | BY THE NUMBERS

Fiscal Year 2022	
Dollars Recovered (Thousands)	\$144.9
Criminal Charges	4
Arrests	3
Convictions	6
Sentenced to Prison	2
Justice Department Referrals	2
Prosecutor Declinations	4

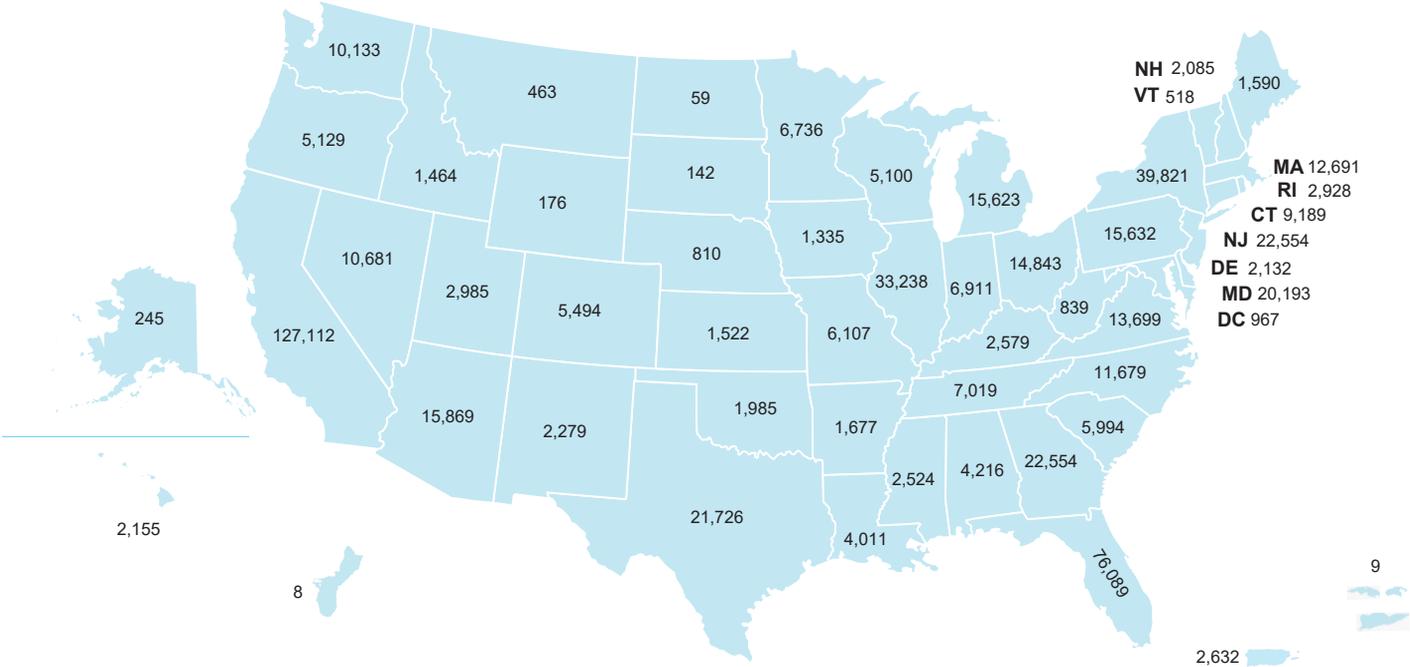
SIGTARP'S OVERSIGHT OF MAKING HOME
AFFORDABLE AND HOME AFFORDABLE
MODIFICATION PROGRAMS

SIGTARP's top law enforcement priority is to investigate and bring to justice 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 MORE THAN 586,000 PARTICIPANTS WHO LIVE IN ALL 50 STATES

HAMP remains critical to the economic growth and recovery of 586,198 Americans as of March 2022. HAMP provides fair access to home ownership by financial institutions modifying mortgages to be affordable and sustainable.

OVER 586,000 HOMEOWNERS CURRENTLY IN HAMP



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 101 sentenced to prison.

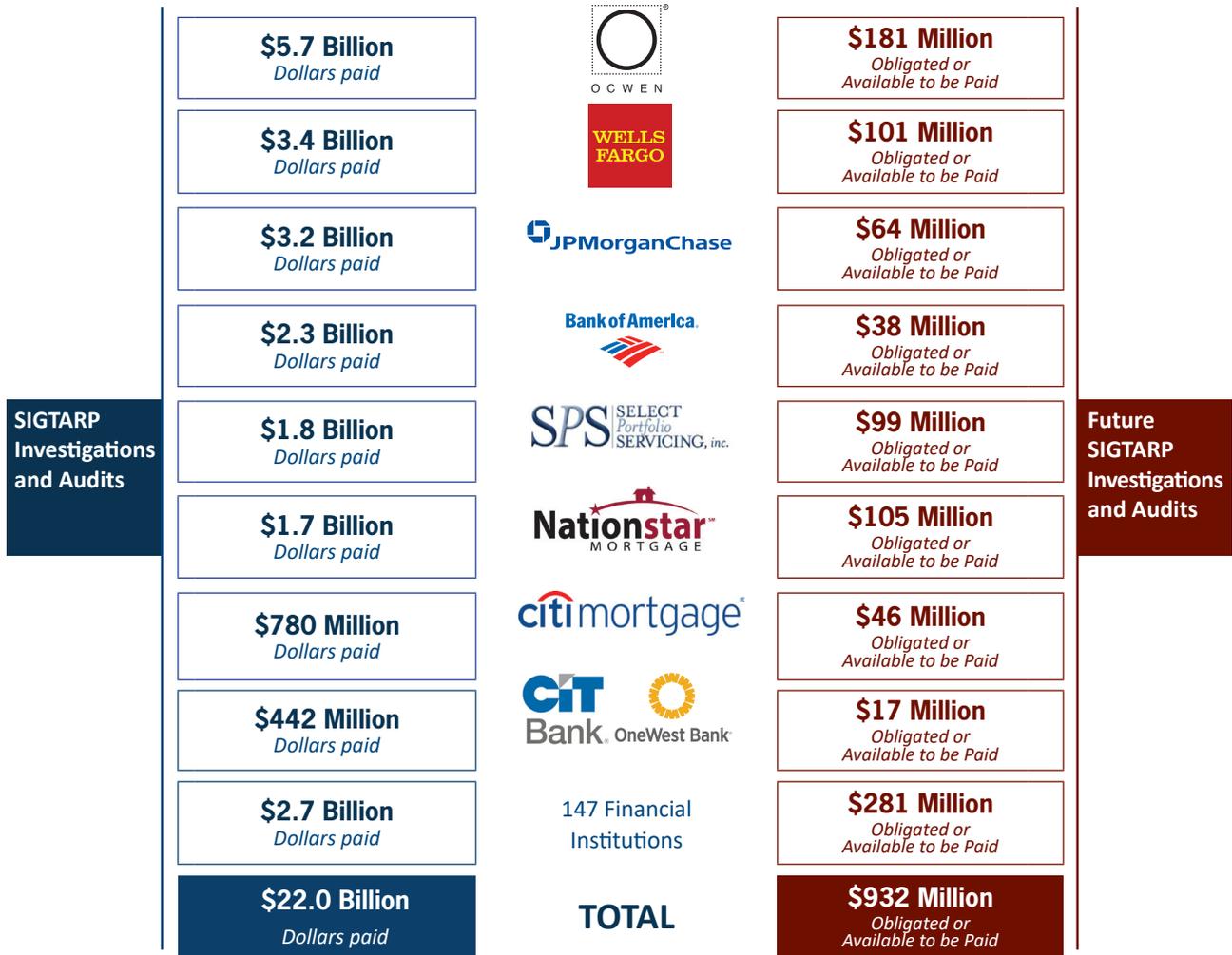
Federal payments are not automatic and require the financial institutions administering HAMP to follow the law and rules.

TOP 10 FINANCIAL INSTITUTIONS AND TOTAL SPENT IN FY 2022

1	Ocwen Loan Servicing, LLC	\$42,624,038.89
2	Select Portfolio Servicing, Inc.	34,147,856.55
3	Nationstar Mortgage, LLC	23,316,110.01
4	Wells Fargo Bank, N.A.	12,192,507.56
5	Specialized Loan Servicing	9,094,074.75
6	MidFirst Bank	9,079,491.12
7	Bank of America, N.A.	8,782,697.94
8	JPMorgan Chase Bank, NA	8,562,157.87
9	Carrington Mortgage Services, LLC	4,922,293.91
10	CitiMortgage, Inc.	2,629,745.72
	145 Other Institutions	19,782,588.53
	\$ Spent in FY 2022	\$175,133,562.85

Source: SIGTARP'S April 8, 2022 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitor - March 2022

CUMULATIVE SPENDING IN THE MAKING HOME AFFORDABLE PROGRAM



Source: SIGTARP's March 2022 analysis of Treasury and Fannie Mae's most recent MHA data; Aggregate Cap Monitor Report - March 2022. Of the 155 total Institutions 90 remain eligible to receive funds under MHA.

New York Man Sentenced for Defrauding Hundreds of Victims in Mortgage Modification Scam

On October 8, 2021, Guy Samuel from Long Island, New York was sentenced to time served, two years supervised release, ordered to forfeit \$425,000, and to pay restitution of \$721,000. Samuel pled guilty to wire fraud, financial institution fraud, conspiracy to commit wire fraud, and filing false statements in connection with a multi-million-dollar mortgage modification scheme. Over the course of two and a half years, Samuel, along with several co-conspirators, collected advance fees totaling over \$2.3 million from hundreds of struggling homeowners with the false promise that they would have their mortgages modified under HAMP. This matter was prosecuted by the US Attorney's Office in the Southern District of New York.

DC Woman Charged in 35-Count Indictment Alleging Theft of Over \$400,000 in Government Benefits Intended for Veterans and the Disabled

On November 18, 2021, Rosemary Ogbenna of the District of Columbia was charged with multiple counts of mail fraud, wire fraud, theft of public funds, aggravated identity theft, representative payee fraud, false statements, tampering with documents, and first-degree theft. The indictment alleges Ogbenna operated a rooming house for retired and disabled individuals for over a decade. It also alleges Ogbenna used over \$400,000 in government payments from the Social Security Administration and the Veteran's Administration for her own benefit that were intended for the care of elderly, mentally ill, disabled, and veteran beneficiaries. This case is being prosecuted by the U.S. Attorney's Office for the District of Columbia.

Kansas Father Pleads Guilty; Son is Sentenced Related to a Wire Fraud Conspiracy Involving a TARP Recipient Bank

K. Kevin James and his son, Charlie James, owned and operated several construction companies in Kansas. These companies secured a line of credit with Blue Valley Bank, a TARP recipient bank. Beginning in 2009 through 2011, K. Kevin James and Charlie James participated in a scheme to provide falsified financial statements for the construction companies to Blue Valley Bank misrepresenting the true financial condition of the construction companies. In May 2011, the James' construction companies filed for bankruptcy, resulting in a loss of over \$3 million to Blue Valley Bank. On January 14, 2022, K. Kevin James pled guilty to wire fraud and conspiracy charges for his part in this scheme and is awaiting sentencing. On March 9, 2022, Charlie James was sentenced to 12 months of probation and ordered to pay restitution of \$214,305, after having pled guilty to a conspiracy charge in April 2018. The U.S. Attorney's Office for the District of Kansas is in charge of the prosecution of this case.

Former Supervisor of Residential Mortgage-Backed Securities (RMBS) Trading Desk Agrees to Enter Pretrial Diversion Program in Connection with Scheme to Overcharge Customers

On January 11, 2022, Ross Shapiro, former supervisor of the Residential Mortgage-Backed Securities (RMBS) trading desk at Nomura Securities International (Nomura) in New York admitted that he conspired with others to misrepresent the prices which the Nomura trading desk had obtained or sold certain RMBS. Shapiro and his co-conspirators did this with the intention of deceiving Nomura's customers to increase Nomura's profits at the expense of those customers. At the time, the RMBS desk at Nomura was involved in transacting eligible RMBS that were part of the U.S. Treasury's Public Private Investment Partnership (PPIP) program, one of the TARP-funded programs. Shapiro agreed to enter into a pretrial diversion program with the U.S. Attorney's Office for the District of Connecticut.

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.



BANKERS
108 INDICTED
94 CONVICTED*
74 SENTENCED
TO PRISON
81 INDUSTRY BANS

**BANKER
CO-CONSPIRATORS**
100 INDICTED
85 CONVICTED
69 SENTENCED
TO PRISON

**BORROWERS
DEFAUDING BANKS**
58 INDICTED
54 CONVICTED
41 SENTENCED
TO PRISON

As of March 31, 2022

*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 would 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 owes \$559,000 and D.C. Federal Credit Union owes \$500,000 in TARP.

While some of our bank investigations remain confidential, we are reporting on the public results.

SIGTARP'S INVESTIGATIVE RESULTS IN THE LAST SIX MONTHS

Defendant Convicted in Operation Phantom Bank

In conjunction with SIGTARP's investigation of TARP recipient Saigon National Bank on December 8, 2021, Defendant Du Truong "Andrew" Nguyen was convicted of all money laundering and money laundering conspiracy charges in a two-day federal jury trial. Nguyen will be sentenced in mid-year 2022.

"Operation Phantom Bank" was a long-term money laundering sting operation from 2010 to 2014 investigated by SIGTARP and its law enforcement partners, the FBI and Internal Revenue Service - Criminal Investigations. This case resulted in six indictments that charged a total of twenty-five defendants. Convictions to date include a former shareholder of Saigon Bank, a high-level Mexican money launderer, an East West Bank Vice President, the former president of the Chinese Consolidated Benevolent Association and several domestic money launderers with ties to Armenian Power and Chinese Triads. Fugitives include a Racketeer Influenced and Corrupt Organizations (RICO) defendant in Hong Kong and a money laundering defendant in Liechtenstein. The case is being prosecuted by the U. S. Attorney's Office in the Central District of California.

CEO of Louisiana Federal Credit Union Pleads Guilty to Filing a False Document in Connection with TARP Program

On December 13, 2021, Helen Godfrey-Smith, former Chief Executive Officer of the Shreveport Federal Credit Union, pled guilty to a charge of making and using a false document in connection with the TARP funds the Shreveport Federal Credit Union received from the U.S. Treasury. She was charged with this crime in November 2021. In December 2016, Godfrey-Smith signed a document stating the credit union was financially healthy, when in fact the credit union was in dire fiscal condition. Due to its dismal financial condition, the credit union was placed into a conservatorship in April 2017 and was liquidated in October 2017. Godfrey-Smith is scheduled to be sentenced in April 2022.¹ The U.S. Attorney's Office for the Western District of Louisiana is responsible for the prosecution of this case.

Georgia Man Sentenced, Georgia Woman Pleads Guilty in Connection with a Conspiracy to Defraud a TARP Recipient Bank

On January 7, 2022, Edmond Cash was sentenced to time served, three months home confinement, three years supervised release, and ordered to pay restitution of \$46,948 for his role in the conspiracy to defraud River City Bank (RCB) in Rome, Georgia, a TARP recipient bank. Cash pled guilty to a bank fraud charge in September 2021. On February 2, 2022, LaDonna Barton also pled guilty to a bank fraud charge in connection to the same conspiracy. Sentencing is set for Barton in May 2022. Cash was a real estate developer and Barton was an employee of Cash's company. In 2011, Cash was past due on several of the loans his company had borrowed from RCB. Cash and Barton arranged with an employee of RCB to fraudulently borrow additional funds from RCB without disclosing that the proceeds from that loan would be used to pay the past due amounts of Cash's previous loans with RCB. Barton was also provided a portion of the loan proceeds for her participation in the scheme. The U.S. Attorney's Office for the Northern District of Georgia is prosecuting this matter.

¹ On April 6, 2022, Godfrey-Smith was sentenced to one year probation and ordered to pay a fine of \$5,000.

Former Chief Executive Officer of New Jersey Bank Sentenced in Conspiracy to Mislead the Federal Deposit Insurance Corporation (FDIC)

On February 1, 2022, Joseph Natale, the former Chief Executive Officer of First State Bank of New Jersey was sentenced to five years of probation and ordered to forfeit \$359,333 and pay restitution of \$715,000 as a result of his guilty plea in conspiracy to file false entries to deceive the FDIC. First State Bank applied for, but did not receive, TARP funds in 2008. The FDIC issued the bank a cease and desist order in July 2011 and it was closed down by its regulators in October 2011. Natale and his other co-conspirators deceived bank regulators and the FDIC by using First State Bank's own funds to make it appear that outside investors had provided new capital for the bank. They also created nominee entities and recruited three individuals with close ties to the bank to create the false appearance that they were legitimate investors in the bank. Fraudulent financial statements were provided to both the FDIC and the bank's regulators that inflated the value of the bank, eventually leading to its failure. This matter was prosecuted by the U.S. Attorney's Office for the District of New Jersey.

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. Treasury allowed state agencies to recycle back into the program interest and recoveries from liens. Recoveries from SIGTARP investigations and audits were also recycled 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, even after closure of the program in December 2021. Our auditors and evaluators helped ensure that the assistance effectively reached those intended to be helped by identifying obstacles, roadblocks, waste, abuse, and risks of violating 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 through 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:

Indiana Demolition Contractor awaiting sentencing in Federal Court for Defrauding the Blight Elimination Program

In March 2022, demolition contractor, Gary Hayden, agreed to plead guilty to one count of theft of government funds as charged in a 2020 federal grand jury indictment. The indictment charged Hayden with improperly disposing of blight demolition debris on-site and submitting false and fraudulent documents asserting proper disposal between 2015 and 2017. Hayden was arrested by SIGTARP agents in Logansport, Indiana, and was facing an April 2022 trial in Bend, Indiana when he agreed to plead guilty.

Hayden faces up to 10 years in prison, fines of \$250,000, three years supervised release, and court ordered restitution. Sentencing is scheduled for summer of 2022. The case is being prosecuted by the U.S. Attorney's Office in the Northern District of Indiana.

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.

SIGTARP'S INVESTIGATIVE RESULTS IN THE LAST SIX MONTHS

California Man Convicted for Defrauding the Keep Your Home California Mortgage Assistance Program (KYHC)

On October 25, 2021, Robert Charles Sneed from Indio, California, was sentenced to three years' probation and ordered to pay full restitution in excess of \$41,000 for theft of government property. In late 2015, Sneed applied for mortgage 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, Keep Your Home California approved Sneed for mortgage assistance benefits. Between March of 2016 and July of 2017, Sneed received assistance benefits totaling \$41,027 from the U.S. Department of the Treasury. This case was prosecuted by the Riverside U.S. Attorney's Office in the Central District of California.

California Man Convicted for Defrauding the Keep Your Home California Mortgage Assistance Program

On November 30, 2021, Brandon Corey Smith of Menifee, California pled guilty to one count of theft of government property in the Central District Court of California. In September 2015, Smith was approved and began receiving mortgage assistance benefits from the U.S. Department of the Treasury through the KYHC Program. As required by the program, Smith failed to notify KYHC when he became re-employed in April 2016 at Edwards Life Sciences. Between approximately April 2016 and February 2017, Smith received benefits to which he was not entitled, totaling approximately \$30,000.

Smith is scheduled to be sentenced in April 2022. This case is being prosecuted by the Riverside Branch of the U.S. Attorney's Office in the Central District of California. ²

California Woman signs Settlement Agreement for making False Claims to the HHF Mortgage Assistance Program administered through Keep Your Home California

In February 2022, Dorothy Natividad agreed to sign a Settlement Agreement with the U.S. Department of Justice on behalf of the U.S. Department of the Treasury and the U.S. Department of Agriculture. Natividad, a resident of Vallejo, California applied for unemployment mortgage assistance benefits through the Treasury's HHF KYHC Program. She received in excess of \$45,000 from KYHC during 2014 and 2015 while failing to disclose the gainful employment of her domestic partner who was living in the residence. In addition to admitting she misrepresented her eligibility for benefits for the KYHC, Natividad also admitted to having received more than \$12,500 in Food Stamp Supplement Nutrition Assistance Program benefits to which she was unentitled.

In March 2022, Natividad wired \$116,907 to the Department of Justice in satisfaction of the financial settlement. The amount was comprised of double damages based upon the restitution loss amounts of \$45,115 due to Treasury and \$12,520 to the USDA. The Civil Division of the U.S. Attorney's Office in the Eastern District of California prosecuted this SIGTARP investigation and structured the Settlement Agreement.

² On April 4, 2022, Smith was sentenced to three years probation and ordered to pay \$29,784 in restitution.

State of California Charges Los Angeles Man with Grand Theft from the Keep Your Home California Mortgage Assistance Program

On March 18, 2022, the California Attorney General's Office criminally charged Hans Hoehn in Los Angeles County with nine counts of grand theft for fraudulently continuing to receive mortgage assistance benefits from the Treasury's Hardest Hit Fund after he became ineligible.

Between the dates of December 2017 and August 2018, Hoehn received mortgage assistance benefits from the Hardest Hit Fund administered through the Keep Your Home California Program. Hoehn failed to notify KYHC that he had become re-employed during the benefit period and continued to receive monthly benefits, totaling approximately \$36,000. Hoehn is scheduled to appear in Los Angeles County Court in May 2022. The case is being prosecuted by the Attorney General's Office in Los Angeles.

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 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.

SIGTARP Announces Three Evaluations of the Home Affordable Modification Program

In October and November 2021, SIGTARP announced three new evaluations examining different aspects of HAMP. For the first two evaluations, SIGTARP will identify key characteristics of homeowners and mortgage servicers in HAMP using Treasury's data and other relevant data sources. For the third evaluation, SIGTARP will review Treasury's oversight of mortgage servicers participating in HAMP. Treasury continues to conduct oversight of HAMP servicers to ensure they comply with program guidelines and have effective systems, processes, and controls to administer the program. SIGTARP will examine Treasury's oversight as well as oversight conducted on behalf of Treasury by Freddie Mac and Fannie Mae. The results of these evaluations will provide valuable information to Treasury, Congress, and the public on who is currently benefitting from HAMP and the servicers participating in the program, and how federal taxpayer dollars are being used.

PEER REVIEWS

SIGTARP PEER REVIEWS

Investigations

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

Audits

In 2021, the Export-Import Bank of the United States Office of Inspector General (EXIM OIG) reviewed the system of quality control for SIGTARP's audit organization. EXIM OIG determined that SIGTARP's system of quality control for audits in effect for the year ended March 31, 2021, was suitably designed and complied with to provide SIGTARP with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements. Based on this determination, SIGTARP received a peer review rating of pass. Generally accepted government auditing standards require external peer reviews 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.
