



# SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL  
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FOR IMMEDIATE RELEASE

## TALF TASK FORCE EXPANDED TO ADDRESS PUBLIC-PRIVATE INVESTMENT PLAN

WASHINGTON, D.C., April 28, 2009 – NEIL M. BAROFSKY, the Special Inspector General for the Troubled Asset Relief Program (“SIGTARP”), announced today that the multi-agency TALF Task Force is being expanded in scope to address the law enforcement issues associated with the recently announced Public-Private Investment Plan.

On March 11, 2009, SIGTARP and the Inspector General for the Board of Governors of the Federal Reserve System (“FRB-OIG”) announced the formation of a broad, multi-agency task force designed to deter, detect and investigate instances of fraud in the Term Asset-Backed Securities Loan Facility (“TALF”) program. The TALF is a Federal Reserve program in which the Federal Reserve Bank of New York (“FRBNY”) will make loans that are secured by collateral in the form of asset-backed securities. As the TALF is currently structured, FRBNY will loan up to \$200 billion secured by asset-backed securities that are backed by credit-card loans, auto financing, student loans, and Small Business Administration loans. In the event of default, the TALF is supported by credit protection of up to \$20 billion in TARP funds.

On March 23, 2009, the Treasury Department announced the outlines of the Public-Private Investment Program (“PPIP”) to deal with the problems posed by “toxic” legacy mortgages and mortgage-backed securities (“MBS”). As announced, PPIP has three related components.

- Legacy Loans Program: In this program, Public-Private Investment Funds (“PPIFs”) will be formed with private equity matched, dollar-for-dollar, with TARP funds. The PPIFs, which will be managed by the private equity, will then benefit from debt guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to a 6-to-1 debt-to-equity ratio. The leveraged PPIFs will then bid to purchase pools of toxic loans on banks’ balance sheets in an auction process run by the FDIC.
- Legacy Securities Program: In this program, Treasury will select approximately five fund managers to raise private capital to participate in PPIFs, again in a dollar-for-dollar partnership with TARP funds. The PPIFs will be able to obtain financing of additional TARP funds, up to 100% of the PPIF equity, in order to purchase legacy MBS.
- Expansion of TALF: Finally, the TALF program is being expanded, both in what asset classes can be used (now permitting legacy MBS to be used as collateral) and in the size of the program (up to \$1 trillion in FRBNY lending backed by \$80 billion in TARP funds).

Because of the incorporation of the TALF into the PPIP program and the significant subject matter overlap, the previously announced TALF Task Force will be expanded to address the law enforcement challenges posed by the Legacy Loans and Legacy Securities Programs.

*“It is vital that law enforcement keep up with the rapidly changing TARP environment,” Mr. Barofsky said. “With the TALF’s expansion in scope and size, and its role in the broader PPIP strategy, the Task Force must be ready to address any challenges that the new PPIP programs will present.”*

The TALF/PPIP Task Force is comprised of SIGTARP, the Federal Bureau of Investigation, the Financial Crimes Enforcement Network, FRB-OIG, U.S. Immigration and Customs Enforcement, the Internal Revenue Service, Criminal Investigation, the Securities and Exchange Commission, and the U.S. Postal Inspection Service. Representatives from each agency participate in regular briefings about the TALF/PPIP programs, collectively identify areas of fraud vulnerability, engage in the training of agents and analysts with respect to the complex issues surrounding the program, and will serve as points of contact within each agency for leads and any resulting cases that are generated.

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The Office of the Special Inspector General for the Troubled Asset Relief Program (“SIGTARP”) was created by the Emergency Economic Stabilization Act of 2008 and has the duty, among other things, to conduct, supervise and coordinate audits and investigations of the purchase, management and sale of assets under the TARP. SIGTARP’s mission is to advance the goal of economic stability through transparency, coordinated oversight and robust enforcement, thereby being a voice for, and protecting the interests of, those who fund the TARP programs – i.e., the American taxpayers. The Special Inspector General, Neil M. Barofsky, was confirmed by the Senate on December 8, 2008, and sworn into office on December 15, 2008.

If you are aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the troubled asset relief program, please contact the SIGTARP Hotline.

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