



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

LETTER FROM THE SPECIAL INSPECTOR GENERAL

SIGTARP's Quarterly Report (October 1, 2022 – December 31, 2022)

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 and others of 469 defendants—321 of them sentenced to prison, including 75 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 consistently identified fraud, waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs, and brought transparency to EESA.

SIGTARP is actively conducting evaluations and investigations of EESA's Home Affordable Modification Program (HAMP), which provides foreclosure relief for over 550,000 homeowners. As of December 2022, Treasury will provide approximately \$730 million in obligated/committed funds through 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, as a result of SIGTARP investigations:

- A bank CEO was sentenced to fourteen months in prison and ordered to forfeit \$5,506,050 for taking bribes in connection with loans guaranteed by the Small Business Administration (SBA). These charges stemmed from a joint investigation by SIGTARP, the Federal Deposit Insurance Corporation Office of Inspector General, Homeland Security Investigations, and the SBA Office of Inspector General. This case was prosecuted by the U.S. Attorney's Office for the Southern District of New York.
- A Kansas father was sentenced to twelve months and one day in prison and two years of supervised release, and ordered to pay over \$6 million in restitution, some jointly with his son. The father pled guilty to wire fraud and conspiracy charges for his part in this

scheme to provide falsified financial statements to a TARP bank. The charges resulted from a joint investigation by SIGTARP, the Federal Bureau of Investigations (FBI), the Internal Revenue Service, and the U.S. Department of Labor Office of Inspector General. The U.S. Attorney's Office for the District of Kansas oversaw the prosecution of this case.

- The owner of a real estate development company in Illinois was sentenced to sixteen months in prison and two years of supervised release for wire fraud for defrauding a bank while it was in TARP. He was also ordered to pay \$1,659,457 in restitution. To receive construction loans to build condominiums in Chicago, the banking contracts required the defendant to put buyer deposits into an escrow account at the bank. Instead, he diverted deposits to fund his portion of construction costs and a personal loan to a friend. Victim purchasers lost approximately \$1 million, and the bank lost approximately \$1.8 million. SIGTARP was joined in the investigation by the FBI. The U.S. Attorney's Office for the Northern District of Illinois prosecuted the case.

At the end of November 2022, two credit unions remained in TARP's Community Development Capital Initiative program. The Capital Purchase Program (CPP) closed in October 2022, with Treasury's receipt of the last remaining bank's investment repurchase. The CPP was created to stabilize the financial system by providing capital to save banks from failure. Under CPP, Treasury provided capital to 707 institutions in 48 states. 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. Pursuit of those who have defrauded a now closed program not only provides justice, but also deters abuse of ongoing government programs.

As a result of SIGTARP's investigations into the Hardest Hit Fund, one defendant was sentenced to probation and ordered to pay \$15,390 in restitution for defrauding the program.

As you can see, SIGTARP continues to find wrongdoing within EESA programs. SIGTARP remains committed to fulfilling its mission to bring accountability for fraud, waste, and abuse, and ensure HAMP is effective, efficient, and free of risk or vulnerability.

Respectfully,

Melissa Bruce

MELISSA BRUCE
Principal Deputy Special Inspector General
Performing the Duties of the Special
Inspector General