

Department of the Treasury
Office of the Special Inspector
General for TARP
(SIGTARP)

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

The mission of the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is to prevent and detect fraud, waste, and abuse in the more than \$442 billion appropriated by Congress in the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) and \$2 billion appropriated through the Consolidated Appropriations Act of 2016, and to promote economy, efficiency, effectiveness, and accountability in these economic stability programs.

SIGTARP received an initial appropriation of \$50 million in permanent, indefinite budget authority in EESA. The Public-Private Investment Program Improvement and Oversight Act of 2009 (12 U.S.C. 5231a) provided \$15 million in supplemental funding. Since 2010, SIGTARP has received annual appropriations to fund its operations.

B – Summary of the Request

The Fiscal Year (FY) 2023 Budget requests \$9 million, a reduction of 47 percent from the FY 2022 President’s budget and a 53 percent reduction from SIGTARP’s FY 2021 enacted level. The proposed budget is intended to fund Congressionally mandated independent oversight of EESA programs through SIGTARP investigations (85 percent of request) and audits (15 percent).

SIGTARP prioritizes oversight of the ongoing EESA’s Home Affordable Modification Program (HAMP) which provides foreclosure relief to more than 600,000 homeowners and will remain open beyond FY 2023. Treasury remains obligated/committed to pay \$1.0 billion in HAMP to keep these homeowners in their homes. In FY 2020 - 2021, Treasury distributed \$919.5 million under HAMP to bank and non-bank mortgage servicers for the benefit of servicers, investors, and borrowers including large banks (i.e., \$91.7 million to Wells Fargo, \$51.4 million to JP Morgan Chase, \$49.4 million to Bank of America, and \$17.7 million to Citigroup), and large non-banks (i.e., \$233.6 million to Ocwen Financial, \$117.7 million to Nationstar).

Despite HAMP’s existence since 2009, mortgage servicers continue to be the subject of enforcement actions related to HAMP. On September 9, 2021, the Office of the Comptroller of the Currency (OCC) fined Wells Fargo \$250 million and issued a cease-and-desist order for engaging in unsafe and unsound practices related to material deficiencies in decisions related to loss mitigation, including HAMP. The OCC found 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. On December 7, 2020, Nationstar was the subject of an \$86 million enforcement action brought by 51 attorneys general and the Consumer Finance Protection Bureau for violating consumer protections laws and harming 40,000 homeowners, including HAMP homeowners.

SIGTARP’s work has led to recoveries for the government and other victims of \$11.3 billion – a 29 times total return on investment (ROI) from SIGTARP’s cumulative annual budgets.

In FY 2021, \$222 million was recovered as a result of SIGTARP investigations, exceeding SIGTARP's FY 2021 \$19 million enacted budget by nearly 12 times.

SIGTARP Investigations: \$7.85 million (85 percent of FY 2023 budget request)

SIGTARP's law enforcement work has resulted in: (1) criminal prosecutions of 465 defendants (315 sentenced to prison, including 74 bankers); and (2) civil actions against 25 large Wall Street institutions and other entities.

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 run by financial institutions that violate the law. SIGTARP caught and investigated 121 foreclosure rescue scammers who were convicted after DOJ prosecutions. These scammers victimized nearly 31,000 homeowners seeking foreclosure relief through HAMP. For example, in 2021, three men were sentenced to prison, each for multimillion dollar scams against homeowners related to HAMP. A California man was sentenced to more than four years in prison in a nationwide \$2.3 million fraud scam, under the names HOPE Services and HAMP Services, that victimized more than 400 homeowners related to HAMP. He was the fifth defendant sentenced to prison for this scam. The owner of Homesafe America was convicted for a \$2.3 million scam against 500 homeowners related to HAMP. Additionally, a New York man was sentenced to six months in prison in a \$9.4 million HAMP-related scam of New York homeowners. SIGTARP has additional open, confidential cases related to HAMP, including cases being worked in partnership with the Department of Justice.

SIGTARP also has open investigations in the Hardest Hit Fund, which we are actively working with prosecutors. This includes investigations of fraud and environmental/safety crimes such as illegal dumping, asbestos exposure, or contaminated dirt used in demolitions of blighted properties. SIGTARP has a long-standing record of finding fraud, environmental/safety crimes, and corruption in this program. For example, in FY 2021, an Illinois-based demolition contractor was sentenced and ordered to pay restitution for defrauding HHF 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 fill dirt documentation to the City of Hammond. In addition, several individuals were prosecuted for defrauding HHF programs for unemployed homeowners.

SIGTARP also continues to support the Department of Justice in long-standing prosecutions related to TARP banks. For example, in 2021, the former Chief Executive Officer (CEO) of a TARP-recipient credit union was criminally charged and convicted of making 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. SIGTARP's investigations have resulted in criminal prosecutions of 108 bankers and 100 of their co-conspirators. Courts sentenced 74 of the bankers to prison, along with 69 of their co-conspirators.

SIGTARP Audit: \$1.15 million (15 percent of FY 2023 budget request)

SIGTARP's audits ensure that EESA programs are operating effectively and efficiently, that federal dollars are used as Congress intended, and that the government does not pay more for EESA than is necessary. In FY 2023, SIGTARP will prioritize identifying risk or vulnerabilities

in HAMP that could hurt homeowners and Treasury’s goal for HAMP to provide affordable and sustainable housing. In August 2021, SIGTARP found that Treasury reduced its oversight of financial institutions that are HAMP servicers, and that servicers have violated HAMP rules by wrongfully cancelling homeowners out of HAMP, labelling homeowners as delinquent, and setting mortgage payments too high, along with other violations harming homeowners. In FY 2021, SIGTARP also questioned \$13 million in the HHF blight program paid to contractors in Michigan despite missing required supporting cost documentation for clean backfill dirt to fill the demolition hole. SIGTARP recommended that Treasury recoup any excessive payments.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023			FY 2022 to FY 2023		
	Operating Plan		Annualized CR		Request			% Change		
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Investigations	65	\$16,550	59	\$16,150	40	\$7,850	(19)	(\$8,300)	-32.2%	-51.4%
Audits	9	\$2,450	9	\$2,850	5	\$1,150	(4)	(\$1,700)	-44.4%	-59.6%
Subtotal New Appropriated Resources	74	\$19,000	68	\$19,000	45	\$9,000	(23)	(\$10,000)	-33.8%	-52.6%
Other Resources*										
Resources from No Year Account	0	\$3,000	0	\$3,000	0	\$7,500	0	\$4,500	0	150.0%
Subtotal Other Resources	0	\$3,000	0	\$3,000	0	\$7,500	0	\$4,500	0.0%	150.0%
Total Budgetary Resources	74	\$22,000	68	\$22,000	45	\$16,500	(23)	(\$5,500)	NA	-25.0%

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

•**Other Resources:** Amounts assume SIGTARP’s full ability to use no-year funds.

1.2 – Budget Adjustments Table

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2022 Annualized CR	68	\$19,000
Changes to Base:		
Maintaining Current Levels (MCLs):	0	537
Pay Annualization (2.7% average pay raise)		62
Pay Raise (2023 4.6% average pay raise)		319
Non-Pay		156
Subtotal Changes to Base	0	537
FY 2023 Current Services	68	\$19,537
Program Changes:		
Program Decreases:	0	(10,537)
Reduction in FTE	(23)	(2,677)
Efficiency Savings	0	(360)
Realignment from Annual to No-Year Funding	0	(7,500)
Subtotal Program Changes	0	(\$10,537)
FY 2023 President's Budget Request	45	\$9,000

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$537,000 / +0 FTE

Pay Annualization (2.7%) +\$62,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +\$319,000 / +0 FTE

Funds are requested for a 4.6% average pay raise for January 2023.

Non-Pay +\$156,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts rent, supplies, and equipment.

Program Decreases -\$10,537,000 /-23 FTE

Staff Reduction -\$2,677,000 / -23 FTE

Reduction in SIGTARP staff levels to 45 FTE. The reduction of FTE is part of the orderly wind down of SIGTARP.

Efficiency Savings -\$360,000/ -0 FTE

Savings of \$360,000 is the effect of reduction of FTE on Non-Personnel costs (training, travel, support services, etc.)

Realignment from Annual to No-Year Funding -\$7,500,000/ -0 FTE

SIGTARP will fund a portion of its operations from its no-year account.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021	FY 2022	FY 2023
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	6,867	7,250	4,250
11.3 - Other than full-time permanent	2,390	2,250	1,450
11.5 - Other personnel compensation	2,657	3,000	1,700
11.9 - Personnel Compensation (Total)	11,914	12,500	7,400
12.0 - Personnel benefits	2,596	2,450	1,700
Total Personnel and Compensation Benefits	\$14,510	\$14,950	\$9,100
21.0 - Travel and transportation of persons	40	30	25
23.1 - Rental payments to GSA	1,250	800	800
23.3 - Communication, utilities, and misc charges	83	40	25
25.1 - Advisory and assistance services	146	20	10
25.2 - Other services	6	5	5
25.3 - Other goods and services from Federal sources	4,849	3,079	6,496
25.6 - Medical care	4	4	2
25.7 - Operation and maintenance of equip	2	2	2
26.0 - Supplies and materials	90	60	30
31.0 - Equipment	20	10	5
Total Non-Personnel	\$6,490	\$4,050	\$7,400
Budgetary Resources	\$21,000	\$19,000	\$16,500
FTE	70	68	45

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM <i>Federal funds</i></p> <p>SALARIES AND EXPENSES <i>For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public law 110-343), \$9,000,000.</i></p> <p>Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	

E – Hiring Authority Proposal

Hiring Authority Similar to Other Special IGs

While SIGTARP is reducing its staffing, sometimes it suffers attrition in a critical role. SIGTARP is requesting additional special hiring authority to enable SIGTARP to backfill critical vacancies with qualified personnel. This authority is similar to the special authority available to the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR), pursuant to 5 U.S.C. 3161.

Proposed Language

‘Sec. _____
Section 121 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking “subparagraph” and all that follows through the period at the end and inserting “subparagraph, the Special Inspector General may not make any appointment that exceeds 18 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k).”.’

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, SIGTARP is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, SIGTARP’s Alignment with Treasury’s Strategic Goals and Objectives are as follows:

Goal 1: Promote Equitable Economic Growth and Recovery

Objective 1.3 Economically Resilient Communities: Promote equitable financial recovery and growth through support and flow of capital to small business, household, and underserved communities.

- SIGTARP investigates environmental/safety crimes (e.g., asbestos/lead exposure, contaminated dirt, illegal dumping), corruption, and fraud in HHF blight that hurts Treasury’s goal of economically resilient communities as the blight program operated in underserved communities.
- SIGTARP’s HAMP investigations and audits combats scams against homeowners and identifies violations of the law and/or HAMP rules that hurt homeowners.

Objective 1.4 Resilient Housing Market: Promote a stable and resilient housing market that expands fair and equitable access to homeownership and affordable rental opportunities and protects taxpayers.

- HAMP remains critical to the economic growth and recovery of more than 600,000 Americans. HAMP provides fair access to homeownership through loss mitigation by modifying mortgages to be affordable and sustainable.
- SIGTARP’s top law enforcement priority is to investigate and bring justice to unlawful conduct related to HAMP. Our nation cannot have a resilient housing market run by financial institutions that violate the law. SIGTARP also continues to support prosecution of HAMP-related scams.
- SIGTARP’s top audit priority is to identify risk/vulnerabilities in HAMP that would hurt homeowners and Treasury’s goal for HAMP to provide affordable and sustainable homeownership.

Goal 2: Enhance National Security

SIGTARP aligns with Objective 2.4: Transparency in the Financial System.

- Money laundering is a financial system vulnerability and can threaten national security. SIGTARP has ongoing criminal investigations of money laundering, including in the HHF blight program and TARP banks (i.e., Operation Phantom Bank, which led to 25 individuals being indicted for money laundering, including through TARP recipient, Saigon Bank, to finance international narcotics trafficking for the Sinaloa Drug Cartel).

Goal 3: Promote Financial Stability

SIGTARP aligns with Objective 3.1: Financial System Vulnerabilities.

- SIGTARP’s investigations of bank and non-bank financial institutions in HAMP as well as TARP banks uncover financial system vulnerabilities.

Goal 4: Combating Climate Change

- SIGTARP’s investigations of environmental crimes in HHF blight are related to Treasury’s goal of combating climate change.

Goal 5: Modernize Treasury Operations

SIGTARP aligns with Objectives 5.1: Recruit/Retain Diverse & Inclusive Workforce, Objective 5.2: Future Work Routines, Objective 5.3: Better Use of Data and Objective 5.4: Customer Experience Practices.

- SIGTARP has a proven record of recruiting, retaining, and promoting a diverse and inclusive workforce.
- SIGTARP has decreased its workforce, footprint and non-government spending, while maximizing telework for future work.
- SIGTARP uses data to prioritize resources and determine which cases to pursue that will bring recoveries for the government and other victims. SIGTARP developed an intelligence and data-based method to find crime.
- SIGTARP leverages task forces and other partnerships. SIGTARP has achieved a lifetime return on investment (ROI) of 29 times its cumulative annual budgets. Every year, recoveries have exceeded SIGTARP’s enacted budget.

B – Budget and Performance by Budget Activity

2.1.1 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$32,103	\$28,855	\$19,550	\$18,920	\$16,550	\$16,150	\$7,850
Resources from No Year Account	\$82	\$1,311	\$1,000	\$1,000	\$3,000	\$3,000	\$7,500
Budget Activity Total	\$32,185	\$30,166	\$20,550	\$19,920	\$19,550	\$19,150	\$15,350
Full-time Equivalents (FTE)	114	106	87	72	65	59	40

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
% of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	81	79	77	77	77	77	70	50
% of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	80	85	75	75	71	71	65	50
% of Cases That are Joint Agency/Task Force Investigations	75	78	76	86	90	90	70	60

Key: Disc - Discontinue; B - Baseline

Investigations Budget and Performance

(\$7,850,000 from discretionary appropriations, \$7,500,000 from other resources)

SIGTARP met all metric targets in FY 2021. The “Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome” in FY 2021 was 77 percent; the “Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened” was 71 percent; the “Percentage of Cases that are Joint Agency/Task Force Investigations” with other law enforcement agencies was 90 percent.

2.1.2 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$7,530	\$5,092	\$3,450	\$3,080	\$2,450	\$2,850	\$1,150
Resources from No Year Account	0	\$231	0	0	0	0	0
Budget Activity Total	\$7,530	\$5,323	\$3,450	\$3,080	\$2,450	\$2,850	\$1,150
Full-time Equivalents (FTE)	27	25	9	8	9	9	5

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units)	N/A	6	4	4	3	3	3	2

Key: Disc - Discontinue; B - Baseline

Audit Budget and Performance

(\$1,150,000 from discretionary appropriations)

SIGTARP met its FY 2021 audit performance target with three products.

C – Changes in Performance Measures

SIGTARP has no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments

SIGTARP has no capital investments. Capital investments that support SIGTARP are included in the Departmental Offices’ plan. A summary of capital investments, including major information technology and non-technology investments, can be accessed at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>. This website also contains a digital copy of this document.