

Special Inspector General for  
TARP

FY 2017

President's Budget Submission

February 9, 2016

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## Section 1 – Purpose

### 1A – Mission Statement

To advance economic stability through transparency, coordinated oversight, and robust enforcement related to the Troubled Asset Relief Program (TARP).

### 1.1 – Appropriations Detail Table

Dollars in Thousands

Special Inspector General for TARP Appropriated Resources	FY 2015		FY 2016		FY 2017		FY 2016 to FY 2017			
	Enacted		Enacted		Request		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>New Appropriated Resources:</b>										
Audit	75	9,243	50	8,870	48	8,644	(2)	(226)	-4.00%	-2.55%
Investigations	117	24,991	142	31,801	136	32,516	(6)	715	-4.23%	2.25%
<b>Subtotal New Appropriated Resources</b>	<b>192</b>	<b>\$34,234</b>	<b>192</b>	<b>\$40,671</b>	<b>184</b>	<b>\$41,160</b>	<b>(8)</b>	<b>\$489</b>	<b>-4.17%</b>	<b>1.20%</b>
<b>Other Resources:</b>										
Unobligated Balances from Prior Years	0	10,957	0	6,495	0	3,790	0	(2,705)	0.00%	-41.65%
Available PPIP Funds	0	965	0	928	8	1,548	8	620	0.00%	66.81%
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$11,922</b>	<b>0</b>	<b>\$7,423</b>	<b>8</b>	<b>\$5,338</b>	<b>8</b>	<b>(\$2,085)</b>	<b>0.00%</b>	<b>-28.09%</b>
<b>Total Budgetary Resources</b>	<b>192</b>	<b>\$46,156</b>	<b>192</b>	<b>\$48,094</b>	<b>192</b>	<b>\$46,498</b>	<b>0</b>	<b>(\$1,596)</b>	<b>0.00%</b>	<b>-3.32%</b>

### 1B – Vision, Priorities, and Context

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) was created by Congress to protect taxpayers who funded the TARP from fraud, waste, and abuse through SIGTARP oversight and audits, and through investigations to combat fraud and other crime. SIGTARP is a white-collar law enforcement agency with the authority to search, seize, and arrest. Fraud prevention and law enforcement are at the heart of SIGTARP's mission. Congress aligned SIGTARP's sunset with the length of time TARP funds or commitments are outstanding. TARP's Home Affordable Modification Program will continue to at least 2023.

In accordance with the requirements of section 6(f)(1) of the Inspector General Act of 1978, as amended, SIGTARP submits the following information related to the FY 2017 budget request:

- The aggregate budget request for the operations of SIGTARP is \$41,160,000;
- The portion of this amount needed for SIGTARP training is \$356,000; and
- The portion of this amount needed to support the Council of the Inspectors General on Integrity and Efficiency is estimated at \$111,000.

### Strategic Goals and Objectives

SIGTARP supports and complements the Department of the Treasury's Strategic Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system. In particular, through its oversight, audits, and investigations related to TARP; SIGTARP supports Objective 1.1: Promote savings and increased access to credit and affordable housing options, and Objective 1.3: Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability.

Additionally, through its audits, quarterly reports to Congress, and open and transparent communication with Congress, SIGTARP supports Treasury's Strategic Goal 5: Create a 21<sup>st</sup>-century approach to government by improving efficiency, effectiveness, and customer interaction. Through audits, quarterly reports to Congress and expedient responses to inquiries from Congress, SIGTARP supports Objective 5.4: Create a culture of service through relentless pursuit of customer value.

### **FY 2017 Priorities**

#### ***SIGTARP audits and reports protect TARP dollars and programs and can help detect potential fraud, waste, and abuse***

SIGTARP has always used a combination of audits and investigations to protect TARP for taxpayers. Protecting the more than \$450 billion bailout dollars obligated for 12 different TARP programs, and enforcing the law, is a daunting challenge. SIGTARP accepts that challenge the only way it knows how to. SIGTARP gets smart about out-of-the-ordinary TARP programs that evolve and span different industries. SIGTARP recommends ways for Treasury to reduce vulnerabilities, and SIGTARP conducts criminal investigations.

SIGTARP develops ways to find TARP-related crime, a task that is not easy, and has evolved as the definition of TARP-related crime keeps changing and spans different industries. As TARP has shifted away from Treasury investments in large institutions, SIGTARP has shifted its audit and oversight work to focus on looking for vulnerabilities in TARP to fraud, waste, and abuse, or improper payments, in ongoing TARP programs. This is in addition to SIGTARP's efforts to make these programs more effective and efficient. For example, as Treasury has approved \$433 million in TARP to seven states for the demolition of vacant houses, and approved \$153 million in TARP funds to first-time homebuyers, both new activities in TARP, SIGTARP through audit and oversight work is protecting that money and those programs, recently making 23 recommendations to reduce vulnerabilities in both subprograms.

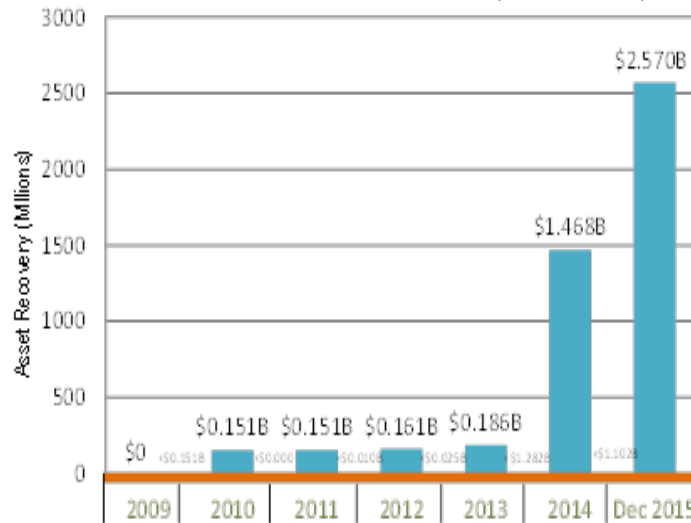
With each SIGTARP audit and report, SIGTARP protects additional TARP dollars and TARP programs. New activities under TARP also require SIGTARP to develop new investigative strategies. With \$18.5 billion remaining to be spent on TARP housing programs, it is critical that SIGTARP continue to protect those programs.

SIGTARP's audit and oversight work also helps detect fraud, waste, and abuse. SIGTARP recently created a forensic auditing unit to provide better insight into fraud, waste, and abuse. SIGTARP expects that unit to make public recommendations to reduce vulnerabilities and generate non-public leads for SIGTARP's confidential investigative work.

#### ***Actual recoveries from SIGTARP investigations are \$2.57 billion in addition to immediate government cost savings of \$553 million in TARP***

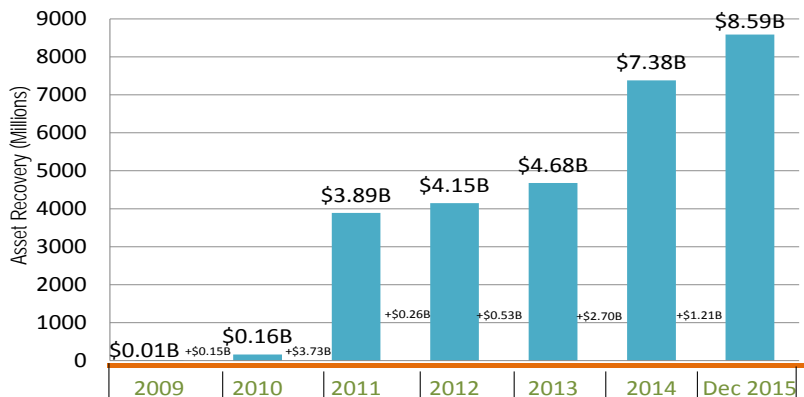
SIGTARP is ensuring that TARP crime does not pay by taking the profit out of crime. SIGTARP has escalated its efforts and realized a seventeen fold increase in recovered funds lost to TARP crime or civil violations of the law, a crucial component of long-term recovery from the crisis. SIGTARP has already assisted in recovering \$2.57 billion through its investigations that has been paid back to the government or other victims, which is more than 10 times the amount that has been appropriated to SIGTARP.

SEVENTEENFOLD INCREASE IN MONEY RECOVERED FROM DEFENDANTS INVESTIGATED BY SIGTARP (CUMULATIVE)



SIGTARP anticipates even more financial recovery for the government and other victims. SIGTARP’s investigations have resulted in court orders and government agreements for \$8.59 billion to be returned to the government or other victims.

SIGTARP’s ESCALATED EFFORTS INCREASED MONEY ORDERED/AGREED TO BE PAID (CUMULATIVE)



Having already assisted in the recovery of \$2.57 billion of these funds, it is SIGTARP’s priority to pursue additional recoveries from the remaining \$6.02 billion including by finding additional assets.

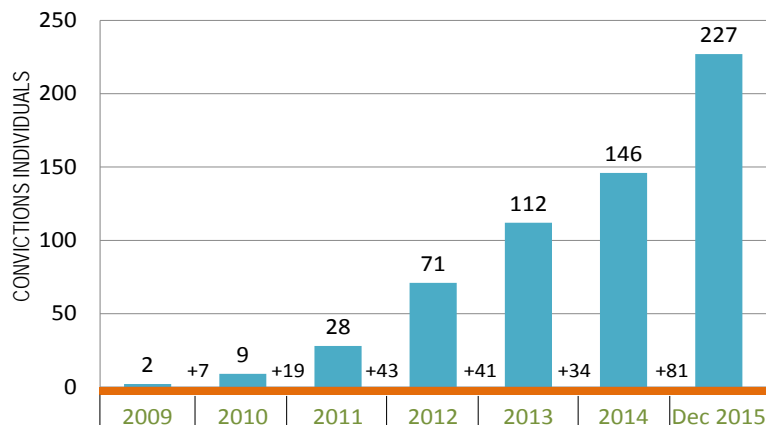
SIGTARP’s investigation of Colonial Bank resulted in an immediate savings of \$553 million in TARP funds that Treasury had already approved to invest in the bank. Based on SIGTARP’s communications with Treasury, Treasury stopped the TARP money just prior to disbursement. Colonial Bank did not receive the \$553 million in TARP funds that Treasury approved, all of which would have been lost when the bank failed. SIGTARP’s audit and oversight work also

has a net positive impact, though the calculation of that benefit is inherently imprecise and its impact is difficult to measure.

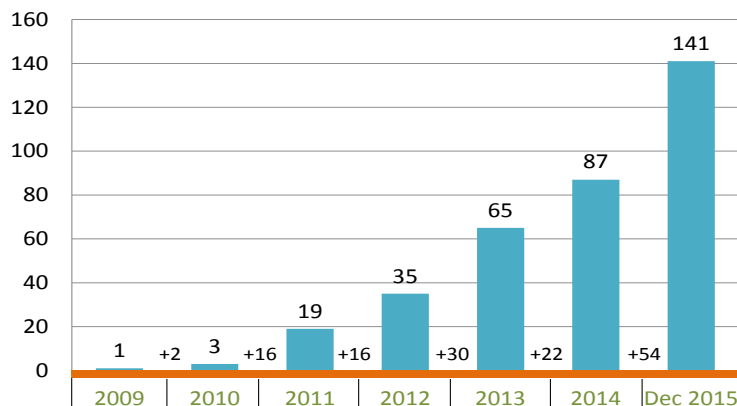
***More than 300 defendants investigated by SIGTARP have been charged with crimes, More than 200 defendants investigated by SIGTARP have been convicted of crimes related to the government’s response to the financial crisis known as TARP, and More than 100 of these defendants have been sentenced to prison for their crimes***

SIGTARP has reached three significant milestones: 1) More than 300 (329) defendants that SIGTARP investigated have been charged with TARP-related crimes — more than four times the number charged in the past three years; 2) More than 200 (227) defendants that SIGTARP investigated have been convicted of TARP-related crimes — almost tripling the number convicted in the past three years; and 3) More than 100 (141) defendants that SIGTARP investigated have been sentenced to prison for their crimes related to TARP. The number of defendants sentenced to prison nearly quadrupled — 35 to 141 defendants — in three years. Sentencing follows years of SIGTARP’s investigations and criminal prosecution. SIGTARP expects that number to rise. There are 50 additional defendants that SIGTARP investigated who have already been convicted of their crimes and await sentencing by the court.

CRIMINAL CONVICTIONS RESULTING FROM RAMP UP IN SIGTARP’S SUPPORT OF PROSECUTING (CUMULATIVE)



INCREASE IN DEFENDANTS INVESTIGATED BY SIGTARP WHO WERE SENTENCED TO PRISON (CUMULATIVE)



These showcase the difference SIGTARP can make by combining forces with the prosecutors in the Department of Justice (DOJ) and its other law enforcement partners. As a law enforcement team standing firm together against bailout-related crime, SIGTARP is bringing more accountability and justice to reprehensible crimes related to the government's extraordinary action funded by taxpayers in TARP.

SIGTARP has been increasingly successful in identifying and investigating TARP-related crime, ramping up its law enforcement efforts in the last few years. This ramp up is a direct consequence of successful prosecutions based on SIGTARP's work. With each prosecution, SIGTARP gains significant expertise in how to uncover and unravel TARP-related crime and obtain the evidence DOJ needs to prosecute defendants successfully.

***SIGTARP has much more to do in the fight against TARP bailout-related crime as it reaches a turning point investigating crime inside TARP banks and supporting prosecutions of TARP bankers***

SIGTARP has much more to do in the fight against TARP-bailout related crime. SIGTARP is only on the cusp of bringing justice through prosecutions in its highest-priority cases — crime inside TARP banks. Only 11 of the 141 defendants sentenced to prison so far are TARP bankers (along with six of their co-conspirators).

***Recently, SIGTARP had three critical victories when three trials ended with both juries convicting a TARP bank officer investigated by SIGTARP***

On March 26, 2015, following a six-week trial, a federal jury found senior officer Ebrahim Shabudin, a senior officer of TARP recipient United Commercial Bank (UCB) guilty on all counts in “one of the largest criminal prosecutions brought the Department of Justice of wrongdoing by bank officers arising out of the 2008 financial crisis,” (as described by DOJ). Shabudin's conviction along with the criminal conviction of Senior Vice President Thomas Yu and CFO Craig On, came after five years of SIGTARP and its law enforcement partners finding and unravelling a hidden financial fraud scheme at a TARP-recipient bank with a magnitude of losses exceeding half a billion dollars. UCB was the first TARP bank to fail and the ninth largest bank to fail since 2007, causing losses of more than \$300 million to TARP and \$677 million to the Federal Deposit Insurance Corporation (FDIC).

The following week, on April 3, 2015, after a five-day trial, another federal jury found David Weimert, senior officer of Anchor Bank, a TARP recipient, guilty on five counts of fraud, another prime example of SIGTARP's recently growing success finding and prosecuting fraud by TARP bankers. The successful investigation and prosecution represents another critical victory in SIGTARP's fight against TARP bailout-related crime.

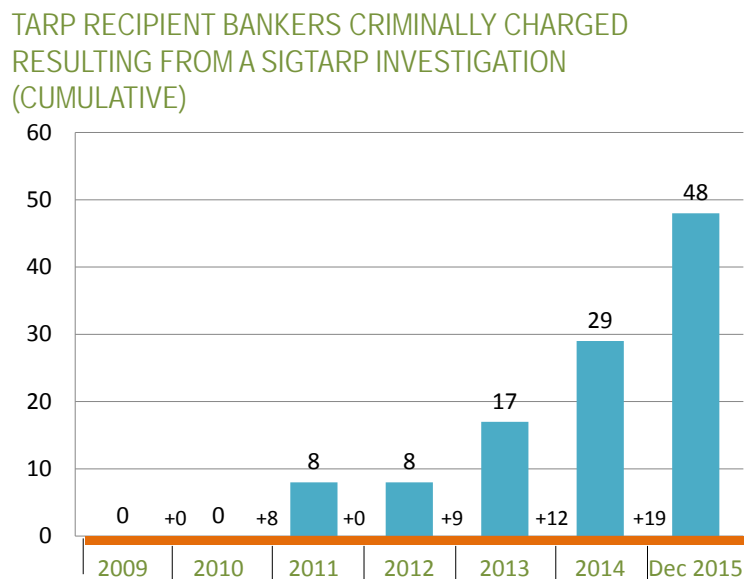
On December 17, 2015, a jury returned guilty verdicts for the chairman of failed TARP bank Premier Bank and his wife (senior officer and general counsel of Premier Bank), who SIGTARP investigated. These two TARP bankers were found guilty of defrauding First Midwest Bank, which was also a TARP bank, during the crisis by submitting false information to the bank in workout agreement after they defaulted on an \$8 million loan they obtained in 2009 from First Midwest Bank.

It is SIGTARP’s mission to ensure that no TARP banker gets away with a crime that hurts a TARP bank, no matter the size of the fraud.

Unlike other TARP-related crime, it has been a much harder road for SIGTARP to bring results against TARP bank officers where the fraud is concealed under layer upon layer of secrecy, and the bank often looks healthier than it is because the TARP capital covers losses that would otherwise be exposed. Unlike the savings and loan crisis where investigators received thousands of referrals from regulators to develop patterns and criminal clues, it is rare for SIGTARP to receive a referral from regulators or tips from whistleblowers. Without that assistance of those with access inside the bank, SIGTARP has worked to overcome a steep learning curve to find hidden fraud.

While it took time, SIGTARP honed its expertise in finding crime inside a TARP bank. Since the beginning of fiscal year (FY) 2013, SIGTARP has produced more results. SIGTARP’s investigations have now resulted in criminal charges against 48 TARP bankers as it gained greater expertise with each case, leading SIGTARP to find and unravel fraud at TARP banks even with no whistleblower or regulatory referral. SIGTARP has gotten smarter about how to look behind false books by learning with each bank case how insiders at banks conceal their crime. SIGTARP anticipates the number of criminal charges and convictions of TARP bankers to rise through and beyond FY 2017.

The chart below shows SIGTARP’s escalating ability to investigate crime by TARP bankers to the point where prosecutors bring criminal charges.

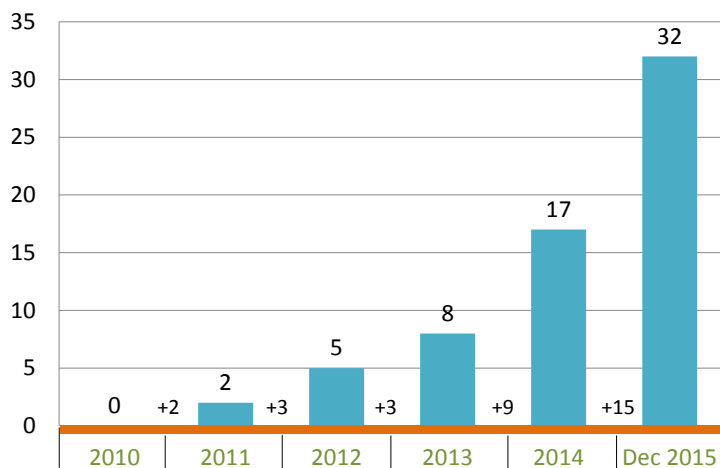


Criminal charges are the first step to bring justice. SIGTARP works with the end in mind — conviction and sentencing. It is the important role of SIGTARP to ensure that prosecutors have all of the evidence to prove guilt beyond a reasonable doubt. In some cases, the case will go to trial and SIGTARP plays an integral part during the trials. SIGTARP agents or investigators testify at some trials. SIGTARP’s work supporting prosecutions has been very successful, with



escalating results as cases reach the trial stage or guilty plea. As the chart below shows, 32 of the 48 charged TARP bankers investigated by SIGTARP have already been convicted of their crime.

TARP RECIPIENT BANKERS CONVICTED RESULTING FROM A SIGTARP INVESTIGATION (CUMULATIVE)



Because TARP is complex, SIGTARP criminal investigations take time; trials take time; sentencings take time. But holding criminals accountable and deterring future crime is worth it. Sentences in SIGTARP cases average 59 months — substantially more than the 36-month average for white-collar crime — indicating the complexity, damage, reach, and sophistication of the criminal schemes SIGTARP uncovers.

### Larger Operating Environment

*SIGTARP's strategy to shift organization and staffing to meet mission critical priorities*

#### *Increase the number of Criminal Investigation Series (1811) special agents*

In FY 2015, SIGTARP began embarking on a strategy to increase its number of 1811 special agents. The first part of that strategy was to identify vacancies throughout SIGTARP and convert many of those to 1811 positions. Other offices throughout SIGTARP are being asked to make do with fewer personnel.

#### *Increase audit focus on risk in TARP housing programs*

With \$18.5 billion left to be spent on ongoing TARP housing programs, SIGTARP has developed a strategy to find vulnerabilities to fraud, waste, and abuse and find areas of inefficiencies through a revamped SIGTARP Audit Division. SIGTARP's audit work is heavily focused on the critical work that is needed to oversee \$37.5 billion in TARP housing programs. Beginning in mid-2013, Treasury expanded TARP activities on the demolition of vacant properties. In FY 2014, these demolitions started and Treasury increased its allocation to \$433 million by adding a seventh state recipient. SIGTARP works hard to identify vulnerabilities. SIGTARP recently issued an audit finding that the demolition strategy, decisions, and activities are done by contractors and subcontractors far removed from Treasury, whose identity is unknown to Treasury, with little information flowing to Treasury

#### *Creation of forensic audit group*

In addition, to be more aligned with other offices of inspectors general, SIGTARP created a forensic audit group with more particularized analytical skill sets and experience to protect against fraud, waste, and abuse related to the TARP housing programs including Blight Elimination.

#### *Other savings*

In order to be fiscally responsible, in FY 2015, SIGTARP made other cost-cutting measures that will result in cost savings now and in the future. SIGTARP reclassified 42 positions from needing top-secret clearance to secret clearance. This change will bring in future years, including FY 2017, tighter controls over those with access to top-secret information and is projected to result in cost savings. SIGTARP also recognized information technology cost savings from Treasury.

#### *Loss of direct hire*

A challenge to SIGTARP's mission is the expiration of its direct hiring authority. SIGTARP's ability to staff is adversely impacted by the absence of direct hire authorization. As a temporary agency, attrition has always been a problem for SIGTARP.

SIGTARP is an agency in the process of growing. SIGTARP is at the mid-point of being able to fulfill its law enforcement responsibilities and its oversight of TARP to prevent fraud, waste, and abuse. SIGTARP is committed to fighting fraud and other crime in TARP and using what it learns in audits and investigations to make recommendations aimed at reducing vulnerabilities to fraud, waste, and abuse. SIGTARP is leaving TARP and the financial system safer than it found it. SIGTARP has much more it can do and must do. There is more to come.

## Section 2 – Budget Adjustments and Appropriations Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
<b>FY 2016 Enacted</b>	<b>192</b>	<b>\$40,671</b>
<b>Changes to Base</b>		
Maintaining Current Levels (MCLs)	0	\$588
Pay-Raise	0	\$303
Pay Annualization	0	\$101
Non-Pay	0	\$184
Efficiency Savings	(8)	(\$99)
Technical FTE Adjustment	(8)	\$0
Efficiency Savings	0	(\$99)
Subtotal Changes to Base	(8)	\$489
<b>Total FY 2017 Base</b>	<b>184</b>	<b>\$41,160</b>
<b>Total FY 2017 Request</b>	<b>184</b>	<b>\$41,160</b>

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) ..... +\$588,000 / +0 FTE**

Pay-Raise +\$303,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +\$101,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +\$184,000 / +0 FTE

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

**Efficiency Savings ..... -\$99,000 / -8 FTE**

Technical FTE Adjustment -\$0 / -8 FTE

The technical FTE adjustment reduces the appropriated FTE level but does not reduce SIGTARP’s overall FTE levels. The eight FTE will be absorbed in SIGTARP’s PPIP fund to more accurately reflect work performed and prior-year usage.

Efficiency Savings -\$99,000 / -0 FTE

SIGTARP will reduce costs through efficiencies identified in technology investments.

## 2.2 – Operating Levels Table

Dollars in Thousands

Special Inspector General for TARP Object Classification	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
11.1 - Full-time permanent	16,530	20,318	21,788
11.3 - Other than full-time permanent	1,858	2,780	1,799
11.5 - Other personnel compensation	1,684	2,046	2,120
<b>11.9 - Total personnel compensation</b>	<b>20,072</b>	<b>25,144</b>	<b>25,707</b>
12.0 - Personnel benefits	5,904	6,710	8,184
<b>Total Personnel Compensation and Benefits</b>	<b>\$25,976</b>	<b>\$31,854</b>	<b>\$33,891</b>
21.0 - Travel and transportation of persons	876	912	1,000
23.2 - Rental payments to others	270	271	272
23.3 - Communication, utilities, and misc charges	100	115	103
24.0 - Printing and reproduction	172	161	162
25.1 - Advisory and assistance services	2,280	2,667	2,320
25.2 - Other services from non-Federal sources	346	283	333
25.3 - Other goods and services from Federal sources	10,737	10,969	7,491
25.6 - Medical care	103	75	100
25.7 - Operation and maintenance of equipment	38	58	48
26.0 - Supplies and materials	441	333	448
31.0 - Equipment	203	359	260
42.0 - Insurance claims and indemnities	0	27	60
91.0 - Unvouchered	0	10	10
<b>Total Non-Personnel</b>	<b>15,566</b>	<b>16,240</b>	<b>12,607</b>
<b>Subtotal New Appropriated Resources</b>	<b>\$41,542</b>	<b>\$48,094</b>	<b>\$46,498</b>
<b>Budget Activities:</b>			
Audit	7,893	10,266	9,440
Investigations	33,649	37,828	37,058
<b>Total Budgetary Resources</b>	<b>\$41,542</b>	<b>\$48,094</b>	<b>\$46,498</b>
<b>FTE</b>	<b>150</b>	<b>192</b>	<b>192</b>

Note: This table includes all available resources, including SIGTARP's annual appropriation and remaining no-year funds.

**2B – Appropriations Language and Explanation of Changes**

<b>Appropriations Language</b>	<b>Explanation of Changes</b>
<p style="text-align: center;">DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM Federal funds <b>SALARIES AND EXPENSES</b> 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) [\$40,671,000] <i>\$41,160,000</i>. (Department of the Treasury Appropriations Act, 2016.)</p>	

**2C – Legislative Proposals**

SIGTARP has no legislative proposals.

## **Section 3 – Budget and Performance Plan**

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### **3A – Audit**

*(\$8,644,000 from direct appropriations):*

The Audit budget activity supports SIGTARP’s priority of coordinated oversight by providing recommendations to Treasury to improve the effectiveness and efficiency of TARP programs, bringing transparency to decisions made in TARP, and preventing fraud, waste, and abuse. SIGTARP conducts, supervises, and coordinates programmatic audits of TARP without sacrificing the rigor of required methodology.

#### *Description of Performance:*

The performance measure “Number of Completed Audit Products” includes issuing audit products that promote the efficiency and effectiveness of TARP and prevent waste, fraud, and abuse. SIGTARP developed an audit plan using a risk-based planning process to identify projects that will provide the maximum benefit to TARP, Congress, and the taxpayers. The maximum benefit is to assure the general public that TARP funds are not expended by recipients or other entities on waste, fraud, or abuse.

Given the urgency of TARP, SIGTARP also initiates recommendations to improve TARP outside of an audit or evaluation. SIGTARP’s reports and recommendations raise awareness to obstacles that could stand in the way of TARP program effectiveness or efficiency and protect against fraud, waste and abuse.

SIGTARP’s complete listing of recommendations may be reviewed in their entirety at [https://www.sigtar.gov/Quarterly%20Reports/January\\_28\\_2016\\_Report\\_to\\_Congress.pdf](https://www.sigtar.gov/Quarterly%20Reports/January_28_2016_Report_to_Congress.pdf) pages 48-69.

SIGTARP met its target of eight audit products for FY 2015. In recognition of the shift of increasing resources to law enforcement and to reflect expected results of the new forensic audit unit, SIGTARP is changing this target in FY 2016 to more accurately reflect the relationship between the Audit and Investigations activities. The new measure, “Number of Completed Audit Products including Referrals to Investigations Division” tracks the ties between the two activities and continues to measure the number of audit reports that promote the efficiency and effectiveness of the TARP. The target for this new metric is seven in FY 2016 and seven in FY 2017.

In FY 2015, SIGTARP added a new measure to track the responsiveness of information flow and transparency between SIGTARP and Congress. The measure “Percentage of Congressional Inquiries Responded to within 45 Days of Receipt” tracks SIGTARP’s promptness in providing developments of its oversight activities to Congress. In FY 2015, SIGTARP exceeded its 85 percent goal in all inquiries, responding within 45 days 100 percent of the time. SIGTARP’s targets are 85 percent for FY 2016 and 85 percent for FY 2017.

### 3.1.1 – Audit Budget Activity Budget and Performance Plan

Dollars in Thousands

Audit Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actuals	Actuals	Actuals	Actuals	Actuals	Enacted	Enacted	Request
Appropriated Resources	\$9,900	\$10,581	\$13,789	\$10,376	\$7,219	\$9,243	\$8,870	\$8,644
Other Resources	\$3,837	\$512	\$0	\$0	\$1,947	\$2,958	\$1,396	\$796
<b>Budget Activity Total</b>	<b>\$13,737</b>	<b>\$11,093</b>	<b>\$13,789</b>	<b>\$10,376</b>	<b>\$9,166</b>	<b>\$12,201</b>	<b>\$10,266</b>	<b>\$9,440</b>

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Number of Completed Audit Products (Units)	9	13	13	10	10	8	8	DISC	DISC
Number of Completed Audit Products including Referral to Investigations Division (Units)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7
Percentage of Congressional Inquiries Responded to within 45 Days of Receipt	N/A	N/A	N/A	N/A	N/A	85	85	85	85

Key: DISC – Discontinued

### 3B – Investigations

*(\$32,516,000 from direct appropriations):*

The Investigations budget activity supports SIGTARP’s priority of robust law enforcement of crimes and other violations of the law related to TARP. This activity supports and complements Treasury’s Strategic Goal 1: promote domestic economic growth and stability while continuing reforms of the financial system. In particular, the Investigations activity supports Objective 1.3: complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability by investigating cases of fraud and abuse related to TARP.

SIGTARP conducts criminal and civil investigations related to TARP using a staff of experienced investigators, including special agents, forensic agents, investigators, analysts, and investigative attorneys. In the interest of maximizing resources, SIGTARP coordinates closely with other law enforcement agencies, leveraging its unique position and expertise by forming law enforcement partnerships and task force relationships across federal and state governments.

#### Description of Performance:

SIGTARP is the Co-Chair of the Financial Institution Fraud Working Group of the President’s Financial Fraud Task Force. In FY 2015, “Percentage of Cases That are Joint Agency/Task Force Investigations” with other law enforcement agencies was just under 70 percent, exceeding the target of 50 percent. SIGTARP’s targets are 70 percent for FY 2016 and 70 percent for FY 2017.

During FY 2015, the “Percentage of Investigations Accepted for Consideration by Prosecutors,” including criminal or civil investigations that a federal, state, or local prosecutor has formally accepted for consideration for criminal prosecution or civil or administrative action was more than 95 percent, exceeding the target of 70 percent. This success is directly related to SIGTARP’s successful investigation of evidence and its support of prosecutions. SIGTARP will discontinue this performance metric in FY 2016 and replace it with “Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened.” The target for this new metric is 70 percent in FY 2016 and 70 percent in FY 2017.

During a preliminary investigation, an investigator gathers fundamental information to evaluate whether a potential case should be converted to a full investigation or if it should be closed. In FY 2015, “Percentage of Preliminary Investigations Converted to Full Investigations within 180 days” was 100 percent, exceeding the target of 70 percent. As SIGTARP has gained expertise in investigating TARP-related crime, it has efficiently leveraged its resources to handle its growing inventory and to expedite these investigations. As SIGTARP’s workforce has evolved, so has its ability to respond quickly to allegations and to devote the necessary resources. SIGTARP has involved prosecutors in preliminary investigations to ensure that allegations, if proven, will be prosecuted. The result is a greater number of preliminary investigations converted to full investigations within the 180-day timeframe. Based on these efficiencies, the target for this performance metric will increase to 80 percent in FY 2016 and 80 percent in FY 2017. SIGTARP will continue to prioritize leads and fraud allegations and make effective, informed decisions when opening preliminary investigations. In this manner, SIGTARP will ensure an appropriate commitment of investigative resources to sufficiently support all of its investigations.

As SIGTARP transitions to alternative means of uncovering TARP-related crimes, it is discontinuing “Percentage of Hotline Complaints Responded to or Referred for Investigation or Further Action within 14 Days of Receipt.” Instead, SIGTARP will measure the “Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome.” For this new metric, SIGTARP’s targets are 60 percent for FY 2016 and 70 percent for FY 2017.



### 3.1.2 – Investigations Budget and Performance Plan

Dollars in Thousands

Investigations Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actuals	Actuals	Actuals	Actuals	Actuals	Enacted	Enacted	Request
Appropriated Resources	\$13,339	\$25,433	\$25,618	\$29,230	\$27,382	\$24,991	\$31,801	\$32,516
Other Resources	\$6,408	\$1,492	\$920	\$1,516	\$5,656	\$8,964	\$6,027	\$4,542
<b>Budget Activity Total</b>	<b>\$19,747</b>	<b>\$26,925</b>	<b>\$26,538</b>	<b>\$30,746</b>	<b>\$33,038</b>	<b>\$33,955</b>	<b>\$37,828</b>	<b>\$37,058</b>

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60	70
Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened	N/A	N/A	N/A	N/A	N/A	N/A	N/A	70	70
Percentage of Cases That are Joint Agency/Task Force Investigations	50	40	65	79	76	70	50	70	70
Percentage of Hotline Complaints Responded to or Referred for Investigation or Further Action within 14 Days of Receipt	74	76	77	83	95	94	75	DISC	DISC
Percentage of Investigations Accepted for Consideration by Prosecutors	100	94	95	94	98	95	70	DISC	DISC
Percentage of Preliminary Investigations Converted to Full Investigations within 180 Days	80	88	77	82	96	100	70	80	80

Key: DISC - Discontinued

## **Section 4 – Supplemental Information**

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### **4A – Summary of Capital Investments**

IT funding has been critical in enabling SIGTARP to fulfill its mission of transparency, coordinated oversight, and robust enforcement. SIGTARP uses the services provided by Treasury Departmental Offices and Government Security Operations Center as part of Treasury's headquarters operations. SIGTARP relies on the Treasury's Office of the Chief Information Officer and Departmental Offices Operations to provide a secure infrastructure that is fully capable of supporting the mission and administrative requirements of a completely functional, bureau-level government agency with the technology requirements appropriate to an audit and investigative organization.

SIGTARP's IT strategy continues with limited IT investments including updates, modifications, and maintenance and equipment refreshment, consistent with its role as a temporary agency. For FY 2017, SIGTARP expects only ongoing infrastructure charges for headquarters and for remote office operations and routine maintenance and enhancements and modifications of its existing systems required to support its mission. SIGTARP has no capital investments.

### **Non-Major IT Investment Summary**

The non-major IT investments are for the acquisition, installation, integration, training, and modifications of mission-essential systems such as hotline information management, investigative case management, investigations database, investigations evidence network, counsel case management, forensic system management, SIGTARP website and intranet, video conferencing used primarily for investigative activity with field offices and headquarters, and asset management, which were established by SIGTARP because they were not provided by Treasury. SIGTARP migrated most of these systems to Treasury for hosting services and began to use Treasury's shared services offerings, including cloud computing for content management such as document management, Freedom of Information Act tracking, and records management.

A summary of capital investment resources, including major IT and non-IT investments, can be viewed/downloaded at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.

This website also contains a digital copy of this document.