

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2021	FY 2022	FY 2023	FY 2022 to FY 2023	
	Operating Plan	Annualized CR	Request	\$ Change	% Change
Investigations	\$16,550	\$16,150	\$7,850	(\$8,300)	-51.4%
Audit	\$2,450	\$2,850	\$1,150	(\$1,700)	-59.6%
Subtotal, SIGTARP	\$19,000	\$19,000	\$9,000	(\$10,000)	-52.6%
Resources from No Year Account	\$3,000	\$3,000	\$7,500	\$4,500	150.00%
Total Program Operating Level	\$3,000	\$3,000	\$7,500	\$4,500	100.00%
Direct FTE					NA
Investigations	65	59	40	(19)	-32.2%
Audit	9	9	5	(4)	-44.4%
Total Full-time Equivalents (FTE)	74	68	45	(23)	-33.8%

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

Summary

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).

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

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 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

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.

Budget Highlights

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 (2022 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

Budget Adjustments

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 / -23FTE

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.

Legislative Proposal

Hiring Authority Similar to Other Special IG's

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.

Performance Highlights

Budget Activity	Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Target	FY 2023 Target
Investigations	% of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	77	77	77	70	50
Investigations	% of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	75	75	71	65	50
Investigations	% of Cases That are Joint Agency/Task Force Investigations	76	86	90	70	60
Audit	Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units)	4	4	3	3	2

Description of Performance

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