

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

March 11, 2009

FOR IMMEDIATE RELEASE

MULTIPLE FEDERAL AGENCIES FORM TERM ASSET-BACKED SECURITIES
LOAN FACILITY (“TALF”) TASK FORCE TO DETER, DETECT, AND
INVESTIGATE ANY INSTANCES OF FRAUD AND ABUSE

WASHINGTON, D.C., March 11, 2009 – NEIL M. BAROFSKY, the Special Inspector General for the Troubled Asset Relief Program (“SIGTARP”), announced today, in coordination with the Inspector General for the Board of Governors of the Federal Reserve System (“FRB-OIG”), the formation of a broad, multi-agency task force designed to deter, detect and investigate instances of fraud in the soon-to-be-launched 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 fully secured by collateral — asset-backed securities. TALF loans are intended to make credit available to consumers and small businesses on more favorable terms by facilitating the issuance of asset-backed securities and improving the market conditions for asset-backed securities more generally. The loans will have a three-year term and will be nonrecourse; that is, if the borrower defaults on the loan, the Federal Reserve will have no recourse against the borrower beyond the collateral for the loan. Surrendered collateral will be purchased by a special purpose vehicle, which will be funded by Troubled Asset Relief Program (“TARP”) funds. 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. As part of the United States Treasury’s Financial Stability Plan, the TALF may be expanded, both to extend the program to other asset classes and to increase lending to \$1 trillion, supported by credit protection of up to \$100 billion of TARP funds.

In a proactive initiative to get out in front of any efforts to profit criminally from this substantial program, numerous federal law enforcement agencies, both criminal and civil, have joined forces to deter, detect and investigate any instances of fraud or abuse in the TALF. In addition to SIGTARP and FRB-OIG, the TALF Task Force will be comprised of the Federal Bureau of Investigation (“FBI”), the Financial Crimes Enforcement Network (“FinCEN”), U.S. Immigration and Customs Enforcement (“ICE”), the Internal Revenue Service, Criminal Investigation (“IRS-CI”), the Securities and Exchange Commission (“SEC”), and the U.S. Postal Inspection Service (“USPIS”). Representatives from each agency will participate in regular briefings about the TALF program, 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 relating to the TALF and any resulting cases that are generated.

Mr. BAROFSKY stated: *“The TALF is an important program that, both because of its complexity and its eventual size – a trillion dollars – is an enormous challenge to law enforcement. This Task Force, consisting of both civil and criminal law enforcement agencies, with both investigative and analytical resources, demonstrates that the agencies involved are meeting that challenge head-on, in a proactive manner, and before any money has gone out the door. The members of the TALF Task Force will combine our shared expertise in securities fraud investigations and maximize our resources to deter potential criminals, to identify and stop fraud schemes before they can fully develop, and to bring to justice those who seek to commit fraud through the TALF. While TALF participants who play by the rules have nothing to fear from this Task Force, federal law enforcement is ready now to detect, investigate and bring to justice any who would try to steal from this important program.”*

ELIZABETH COLEMAN, Inspector General for the Board of Governors of the Federal Reserve System, stated: *“The TALF is an important lending program intended to increase consumer access to credit for household and small business purposes. Due to the significance of this program, the Federal Reserve Office of Inspector General is pleased with the broad participation in the TALF task force initiative, and is committed to working with other federal agencies to help the program achieve its goals in an efficient and an effective manner.”*

“ICE’s Cornerstone initiative seeks to shut down vulnerabilities within our financial sectors that can be exploited by criminals and criminal networks,” said MARCY FORMAN, Director for U.S. Immigration and Customs Enforcement’s (“ICE”) Office of Investigations. *“The expertise of our El Dorado Task Force is perfectly suited for the TALF. During these tough economic times, the public needs to be assured that federal investigators are being proactive to prevent the exploitation of U.S. financial systems. ICE is proud to be part of this proactive law enforcement initiative.”*

“FinCEN is committing its unique authorities and capabilities to ensure that the financial industry remains vigilant and provides law enforcement with the lead information they need to aggressively root out fraud while promoting legitimate economic activity and growth,” said JAMES H. FREIS, JR., Director of FinCEN. *“By doing so, we can facilitate the effectiveness of the TALF program and help to restore confidence in the financial markets by aggressively working to prevent criminals from sapping TALF funds for illegal profit.”*

SCOTT FRIESTAD, Deputy Director of the SEC’s Enforcement Division, said: *“We look forward to working with the TARP Special Inspector General and other law enforcement agencies on this important initiative. The SEC is prepared to dedicate whatever resources are necessary to safeguard investors and help protect the TALF program from abuse.”*

Chief Postal Inspector WILLIAM R. GILLIGAN said: *“The U.S. Postal Inspection Service has a long, proud, and successful history of thwarting criminals who attack our nation’s postal*

system and misuse it to defraud the American public. As a part of the TALF task force; the U.S. Postal Inspection Service looks forward to the challenges that lie ahead."

"IRS is proud to combine our financial investigative skills with the skills of our law enforcement partners on this important TALF task force," said EILEEN MAYER, Chief, IRS-CI. "Together we form a formidable force against corruption and fraud."

"A critical component of the FBI's mission is to combat significant financial fraud schemes, and to that end, we join our partners on this task force to marshal our efforts in protecting taxpayer dollars from fraud and abuse," said JOHN S. PISTOLE, Deputy Director of the FBI.

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.

SIGTARP Hotline

If you are aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program, please contact the SIGTARP Hotline.

By Online Form: www.SIGTARP.gov

By Phone: Call toll free: (877) SIG-2009

By Fax: (202) 622-4559

By Mail:

Hotline
Office of the Special Inspector General
For The Troubled Asset Relief Program
1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220