Office of Inspector General

September-November 2012

Business Loans

New Jersey Man Sentenced

On September 11, 2012, a New Jersey man was sentenced to 18 months in prison, 24 months of probation, and ordered to pay a special assessment fee of $100. He previously pled guilty on May 9, 2012, to a criminal Information charging him with one count of conspiracy to commit bank fraud. The investigation revealed that an organized group of criminals obtained credit cards, loans, and SBA-guaranteed loans from various lending institutions using false identities, documents, and business names. Loan officers at various banks were also involved in the scheme. The New Jersey man obtained $15,000 in loans from one bank; $50,000 from a second bank; and a $50,000 SBA-guaranteed loan from yet another bank. He obtained these loans in the name of his wife and a fictitious company. This is a joint investigation with the Internal Revenue Service–Criminal Investigations (IRS-CI), the Englewood New Jersey Police Department, and the Bergen County Prosecutors' Office.

Former Utah Business Owner and Mortgage Loan Officer Sentenced

On September 13, 2012, a Utah business owner and former mortgage loan officer, was sentenced to 10 days incarceration, 6 months of home confinement, 30 months supervised release, 200 hours of community service, and restitution of $165,960.49, to be paid jointly with his co-defendant. The subject had previously pled guilty to one count of money laundering. The investigation revealed that both men recruited "straw borrowers" to obtain $335,000 in loans. The straw borrowers were promised compensation for allowing the men to use their personal information to fabricate application documents in order to induce the banks to approve the loans. They also enticed the straw borrowers to submit documents indicating that they owned thriving businesses when, in fact, the businesses only existed on paper. The men fraudulently obtained a total of four SBA loans and two regular bank loans. This case was initiated as a result of a referral from the SBA Utah District Office. This is a joint investigation with the IRS-CI.

Former Missouri Registered Nurse Sentenced

On September 14, 2012, a former Missouri registered nurse was sentenced to 2 years of probation and ordered to pay a $100 special assessment. The investigation revealed that an individual recruited the former nurse to obtain an SBA loan. The man agreed and obtained a $175,070 loan from a bank. He received $7,500 for obtaining the loan. The remaining loan proceeds went to benefit other individuals and business entities, which included making payments on SBA-guaranteed loans. This is a joint investigation with the Federal Bureau of Investigation (FBI).

Missouri Man Sentenced and Ordered to Pay Nearly $1,113,779 in Restitution

On September 18, 2012, a Missouri man was sentenced to 5 years of probation, and ordered to pay restitution of $1,113,778.51, which included $578,580.78 to the SBA. He previously pled guilty to one count of making false statements for the purpose of influencing the SBA, and aiding and abetting. The investigation disclosed that the man signed several SBA documents in connection with a $750,000 SBA-guaranteed loan to a business. The man claimed that he was the 100% owner, when, in fact, he had no ownership interest in the company. He also signed SBA documents affirming that certain portions of the loan proceeds were for equipment and inventory purchases, working capital, and debt repayment. However, he knew the loan proceeds were going to be applied toward the outstanding loan balance of another business. This is a joint investigation with the FBI.

Maryland Woman and Former SBA Employee Plead Guilty to Wire Fraud

On September 27, 2012, a Maryland woman pled guilty to one count of conspiracy to commit wire fraud. The woman, along with a co-conspirator, was charged with one count of conspiracy to commit wire fraud on August 8, 2012. The second woman, a former payroll assistant at the SBA, pled guilty in U.S. District Court for the District of Maryland to one count of conspiracy to commit wire fraud on October 11, 2012. The second woman allegedly provided three altered copies of her own SBA Earnings and Leave Statement (E & L) to help the first woman finance an automobile. The altered E & L reflected that the first woman was an SBA employee, even though she had never worked at the SBA, and was not employed at the time. When the automobile dealership requested additional proof of employment, the former SBA employee faxed a fourth altered E &L from

SBA headquarters in Washington, DC, to the dealership in Maryland.

Texas Couple Indicted

On October 1, 2012, a Texas couple was indicted and charged with one count of conspiracy and one count of wire fraud. In addition, the husband was charged with one count of false statements. The indictment also included a notice of criminal forfeiture. The couple applied for and received a $420,000 SBA-guaranteed loan to purchase a convenience store. The investigation was predicated on a referral from an anonymous complainant who alleged that the couple did not have adequate funds to pay the required cash injection. The husband purported to the lender that most of the $146,359.45 cash injection was coming from the sale of a previously owned convenience store. In reality, the couple had depleted the majority of those funds prior to closing on the current loan. The wife secured lines of credit from two banks using different company names. At least $91,269.45 of the cash injection was derived directly from these lines of credit. In their dealings with the lender, the couple did not disclose these additional debts and certified the accuracy of false personal and business financial statements. The couple later filed for bankruptcy and listed the lines of credit as part of their $456,806.01 in unsecured debts.

Alabama man was indicted on five counts of wire fraud, five counts of false statements to the SBA, three counts of false statements on loan and credit applications, and one count of money laundering.

New Jersey Woman Pleads Guilty to Misprision of a Felony

On October 19, 2012, a New Jersey woman pled guilty to a criminal Information charging her with one count of misprision of felony. The investigation revealed that an organized group of criminals obtained credit cards and loans from various lending institutions using false identities, documents, and business names. Loan officers at various banks were also involved in the scheme. Many of the loans were SBA-guaranteed and are in default. The woman, as a member of this group, obtained a loan from a bank for $50,000 using the identity of another individual to obtain the loan for a business. This is a joint investigation with the IRS-CI, the Englewood New Jersey Police Department, and the Bergen County Prosecutor's Office.

Missouri Woman Sentenced

On October 23, 2012, a Missouri woman was sentenced to three years of probation and ordered to pay a $100 special assessment fee. She was previously charged with one count of making a false statement to the SBA, and aiding and abetting. The woman is one of eighteen people charged in a complex conspiracy to defraud a bank and the SBA. According to the superseding information and plea agreement, she was the registered agent for a business organized by her father. The woman had no ownership interest in, or control of the business; however, she obtained two SBA-guaranteed loans, totaling $350,000, for the business. In connection with her application for these SBA loans, she knowingly made false statements to the SBA. She claimed to have never been charged, arrested, or convicted of any criminal of-offense, when, in fact, she had been charged with illegally signing a petition; passing a bad check; and possession of a controlled substance. This is a joint investigation with the FBI.

Alabama Man Indicted on Wire Fraud, False Statements, and Money Laundering

On October 30, 2012, an Alabama man was indicted on five counts of wire fraud; five counts of false statements to the SBA; three counts of false statements on loan and credit applications, and one count of money laundering. The allegations charge that the man failed to file corporate personal tax returns from 2002 through 2009. He is also alleged to have provided false and unfiled tax returns to a bank to secure an SBA-guaranteed $300,000 line of credit and to the SBA for continued certification as an 8(a) firm. This case was predicated on information received from the IRS-CI. This is a joint investigation with the IRS-CI, U.S. Army Criminal Investigation Division (Army CID), and the Defense Criminal Investigative Service (DCIS).

Alabama Man Indicted After the SBA OIG's Early Fraud Detection Working Group Successfully Flags$1,380,486 Early Default Loan.

Alabama Man Indicted on Conspiracy

On November 28, 2012, an Alabama man was indicted on one count of conspiracy and one count of false statement on a loan application. This case was predicated on information received from the SBA OIG Early Fraud Detection Working Group (the Group). The Group flagged an SBA-guaranteed business loan of $1,529,000 for further review because it had defaulted quickly with an outstanding balance of $1,380,486. The loan was used to fund the sale of a business from the man to woman. The indictment alleges that the $260,000 equity injection that the woman was required to pay was actually paid by the man who was the seller. Specifically, it is alleged that they created and submitted false bank statements, checks, and certificate of deposit receipts to represent that the funds used to pay the equity injection were originally a gift from the woman's grandmother.

Disaster Loans

Louisiana Woman Sentenced for Fraud

On November 5, 2012, a Louisiana woman was sentenced to 3 years of probation, ordered to pay a $500 fine, restitution of $26,814.85, and a $100 special assessment fee. The investigation revealed that she provided her relatives, a married couple, with invoices and receipts from the reconstruction of her own home, which was being repaired with the help of an SBA Katrina disaster loan. She was fully aware that the couple intended to alter the documentation and fraudulently submit them to the SBA as their own. This is a joint investigation with the U.S. Department of Homeland Security, OIG.

Government Contracting and Business Development

Boise Business Owner Pleads Guilty

On September 18, 2012, the owner of a Boise company pled guilty to one count of wire fraud. He also consented to the forfeiture of $150,000. The charges against the man were in connection with fraud in SBA's Service-Disabled Veteran-Owned Small Business (SDVOSB) and Historically Underutilized Business Zone (HUBZone) programs; the Veteran Affairs' (VA) SDVOSB Program; and the General Service Administration's (GSA) Surplus Property Program, through which SBA-certified 8(a) companies can obtain surplus property. The man established "shell corporations" to benefit, financially, from SBA set-aside programs and government surplus property programs in which he was not otherwise entitled to participate. This is a joint investigation with the DCIS, IRS-CI, VA OIG, GSA OIG, U.S. Department of Agriculture OIG, Department of Interior OIG, Air Force Office of Special Investigations.

New York Man Sentenced

On September 19, 2012, a New York businessman was sentenced to 41 months in prison, a $30,000 fine, and 3 years of supervised released as a result of his jury trial conviction. The verdict found him guilty of one count of mail fraud; three counts of major fraud against the United States; one count of false statements; and one count of tampering with a victim, witness, or an informant. The charges relate to his business falsely claiming status as an SDVOSB. His company was awarded one Veteran Owned (VO) set-aside contract for $5,698,000 and three SDVO set-aside contracts totaling $10,980,690. The evidence gathered revealed that he is neither a veteran nor a service-disabled veteran. This is a joint investigation with the VA OIG and Army CID.

Chief Financial Officer Pleads Guilty

On September 26, 2012, in U.S. District Court, District of Columbia, the chief financial officer of a technology firm pled guilty to one count each of bribery, conspiracy to commit bank fraud, and willful failure to file a tax return. The technology firm was a subcontractor to an SBA 8(a) program participant. The investigation revealed that the CFO engaged in bribery of government officials. Specifically, he gave, offered, and promised over $200,000 for a U.S. Army public official's benefit. In return, the public official provided assistance in directing subcontracts to his firm and providing preferential treatment to the firm with potential contracts awarded through the U.S. Army. Additionally, he engaged in a scheme to defraud and obtain money and property from financial institutions by means of false and fraudulent pretenses, representations, and promises. Finally, the man willfully failed to file an income tax return related to income earned in calendar year 2010 in excess of $100,000. This is a joint investigation with the FBI, DCIS, IRS-CI, and the Army CID.

President of Massachusetts Business Pleads Guilty to Conspiracy to Commit Wire Fraud

On September 27, 2012, the president and co-owner of a Massachusetts business pled guilty to one count of conspiracy to commit wire fraud. This case was initiated through a referral from the Government Accountability Office FraudNet, which alleged fraudulent behavior by multiple SDVOSBs. The allegations stated that SDVOSB firms, including this Massachusetts business, had been certified under fraudulent pretenses in order to obtain government set-aside contracts. The investigation revealed the business was fraudulently established as an SDVOSB by using the president's service-disabled status, for the sole purpose of obtaining set-aside contracts. This is a joint investigation with the VA OIG, Army CID, the Department of Labor OIG, and GSA OIG.

Personal forfeiture judgment of nearly $6,836,278 entered against the owner of Kansas construction firm.

Co-Owner of Construction Firm Indicted

On October 23, 2012, the co-owner of a construction firm was indicted on four counts of wire fraud and one count of conspiracy to defraud the United States. The indictment alleges that the general construction company falsely claimed SDVOSB status. The company has been awarded in excess of $100 million in SDVOSB set-aside contracts. The co-owner is alleged to have falsely certified that service-disabled veterans were president and majority owner(s) of the firm when, in fact, he was the one who actually founded and operated the business. The co-owner is neither a veteran nor a service-disabled veteran. This is a joint investigation with the VA OIG, GSA OIG, and Army CID.

Owner of Kansas Construction Firm Sentenced to 87 Months

On November 5, 2012, the owner of a Kansas construction firm was sentenced to 87 months in prison and 3 years of supervised release. In addition, a personal forfeiture judgment of $6,836,277.94 was entered against the man who pled guilty on April 9, 2012, to single counts of conspiracy, major program fraud, wire fraud, money laundering conspiracy, and false statements. The investigation revealed that he and his business fraudulently claimed SDVOSB status to obtain 11 federal government contracts, which they would otherwise not have been entitled to receive. The contracts were valued at nearly $6,836,278. The owner also admitted to providing the Veterans Administration contracting officer a fraudulent resume in which he claimed to have served three tours in Southeast Asia as a highly decorated officer in the U.S. Army. Government records show that he never left the state of Missouri during his service in the Army and Missouri National Guard. This is a joint investigation with the GSA OIG, the VA OIG, and DCIS.

Vice President of Technology Firm Sentenced

On November 19, 2012, the executive vice president of a technology firm was sentenced in U.S. District Court, District of Columbia, to 15 months incarceration; 36 months supervised release, 500 hours community service, and a $100 special assessment fee. The investigation revealed that the man conspired with others to defraud the United States and obtain money and property by means of false and fraudulent pretenses and representations. Specifically, he submitted false information to federal agencies to procure and attempt to procure federal contracts, and to set and attempt to set prices on federal contracts. The technology firm is an SBA-certified 8 (a) program participant. This is a joint investigation with the FBI, VA OIG, GSA OIG, and U.S. Department of Labor OIG.

Former SBA Employee Sentenced for Unauthorized Use of Government Purchase Card and Falsified Travel Vouchers

Former SBA Employee Sentenced

On November 27, 2012, an Alabama woman, a former SBA employee, was sentenced to 4 months incarceration; 36 months supervised release (that included four months of home detention); restitution in the amount of $49,612; and a $100 special assessment fee. On August 6, 2012, she pled guilty to one count of fraud by wire. The investigation revealed that she made approximately $30,553 of personal, unauthorized purchases using the government purchase card assigned to the SBA Alabama District Office. Additionally, she filed about 59 falsified travel vouchers, resulting in her receipt of approximately $21,905 from the SBA that she should not have received. Finally, she made unauthorized purchases on her government travel card.

Sentencing Continues in Scheme Involving More Than $30 Million in Bribes and Kick-back Payments

In a continuing multi-agency investigation, 12 individuals have thus far been charged in a scheme involving more than $30 million in bribes and kickback payments. The conspiracy involved the use of a $1.3 billion Alaska Native Corporation (ANC) sole source contract to pay for the bribes and the planned steering of a $780 million government contract to a favored Section 8(a) program participant. All of these individuals have pled guilty to bribery, conspiracy, money laundering, and other charges.

Former Army Corps of Engineers Program Manager Sentenced

On September 13, 2012, a former program manager for the U.S. Army Corps of Engineers was sentenced to 6 years in prison, 3 years supervised release, and 500 hours of community service. He was also ordered to pay $1.25 million in restitution and a $1.25 million forfeiture money judgment. The sentencing was a result of his participation in a scheme in which corrupt public officials steered government contracts in exchange for more than $30 million in bribe and kickback payments. Specifically, the former program manager received and accepted things of value, for his personal benefit and for the benefit of others, from two businesses, both SBA-certified 8(a) program participants, in return for funding and approving contracts. This is a joint investigation with the FBI, the IRS-CI, Army CID, and DCIS.

Owner of Construction Management Firm Sentenced

On October 16, 2012, the owner of a construction management firm was sentenced in U.S. District Court, District of Columbia, to 70 months of incarceration followed by 36 months of supervised release, a $100 special assessment fee, and restitution of $9,405,230.70 to be paid jointly and severally with two co-conspirators. The investigation revealed that the man conspired to conduct financial transactions, to conceal from law enforcement and tax authorities the proceeds of a bribery scheme. Further, the investigation revealed that he conspired to use such proceeds unlawfully, to obtain real property, vehicles, and luxury items for his personal benefit. The owner also caused his firm to submit fictitious purchase orders and invoices to a prime contractor, in order to obtain payments from the U.S. Army Corps of Engineers for government contracts. The prime contractor was an SBA-certified Alaska Native Corporation program participant.

President of Technology Firm Sentenced

On October 17, 2012, the president of a technology firm was sentenced in U.S. District Court, District of Columbia, to 33 months of incarceration followed by 36 months of supervised release, a $100 special assessment fee, and restitution of $984,664.20. The sentencing relates to a scheme that involved more than $30 million in bribes and kickback payments and the planned steering of a $780 million government contract. The investigation revealed that the man used the firm to pay, directly and indirectly, approximately $626,000 of fraudulent proceeds to a program manager with the U.S. Army Corps of Engineers, at the program manager's direction. Subsequently, the program manager directed the business to retain approximately $245,395 of the fraudulent proceeds. The business was an SBA certified 8(a) program participant.

Director of Contracts for Technology Firm Sentenced

On October 18, 2012, the Director of Contracts for the technology firm was sentenced to 87 months of incarceration followed by 36 months of supervised release, a $100 special assessment fee, and restitution of $9,405,230.70 to be paid jointly and severally with two co-conspirators. The investigation revealed that Director of Contracts gave, offered, and promised over $7 million, directly and indirectly, to the program manager at the U.S. Army Corps of Engineers in return for his approval of contracts and subcontracts through the U.S. Army Corps of Engineers and the technology firm and the construction management firm.

"Restitution of nearly $9,405,231 to be paid jointly and severally with two co-conspirators."

Additionally, the Director of Contracts, a prime contractor employee, solicited, accepted, and attempted to accept kickbacks in excess of $1 million from subcontractors in exchange for awarding contracts and providing favorable treatment.

Owner of Two Technology Firms Sentenced to 27 Months

On November 13, 2012, the owner of two technology firms was sentenced in U.S. District Court, District of Columbia, to 27 months incarceration; 36 months supervised release, 500 hours community service, and a $100 special assessment fee. The investigation revealed that the owner and others enriched themselves through awards made by the U.S. Army Corps of Engineers (USACE) to the two firms. Specifically, he gave the program manager $290,000 in return for approving the award of contracts and subcontracts to the two firms, one of which is an SBA-certified 8(a) program participant. This is a joint investigation with the FBI, IRS-CI, Army CID, and DCIS.

Audit Reports

Audit Report 12-19R

On September 4, 2012, the OIG issued Advisory Memorandum 12-19R, *A Non-Manufacturer Rule Waiver Allowed an 8(a) Recovery Act Contract to Bypass Established Small Business Requirements*. This advisory memorandum was the first in a series of on-going limited scope audits to review the extent to which selected firms participating in the 8(a) Business Development Program are complying with prime contractor performance requirements for set-aside contracts.

For this audit, the OIG selected two contracts performed by 8(a) program participants: one 8 (a) contract and one Historically Underutilized Business Zone or HUBZone contract. The OIG found that one contractor complied with the performance of work requirements, and the other was exempt because of a waiver from the SBA. One contract for $5.4 million was awarded to provide recruiting services for the Census Bureau; however, the contractor had not used any subcontractors to date. An Alaska Native Corporation (ANC), who utilized a subcontractor to provide imaged personal computers and monitors for the Department of Labor, performed another 8(a) set-aside contract for $7.78 million. However, the 8(a) set-aside contract was a pass through contract where the large business received most of the procurement dollars, and the ANC received $153,000.

The use of the non-manufacturer waiver enabled a firm to bypass small business subcontracting requirements resulting in a pass through contract to large businesses. Although authorized under statute, these types of procurements may not provide the developmental opportunities to small businesses intended through participation in the 8(a) program. Moreover, these types of procurements also funnel taxpayer funds to large businesses instead of developing small businesses to compete in the American economy. As a result, a large business received 8(a) set-aside funds through a pass through without competing in the open market.

Nine actions recommended to improve accountability and performance of STEP grant program.

Audit Report 12-21

On September 25, 2012, the OIG issued Audit Report 12-21, *Review of SBA's State Trade and Export Promotion (STEP) Grant Program*. The OIG reviewed the five largest grants, awarded to California, Pennsylvania, Washington, Michigan, and Illinois, in order to determine whether grant recipients were measuring program performance, as well as the results of those measurements. In addition, the OIG reviewed the overall management and effectiveness of the STEP grant program.

The OIG found that grant recipients' performance measures did not demonstrate whether STEP program goals were achievable. Specifically, grant recipients' metrics were not adequate to measure performance. In addition, SBA personnel did not meet with Congress to identify and clarify the FY 2011 STEP program measures for success. Further, the SBA mismanaged the STEP grant program. For example, personnel from the SBA Office of International Trade and the Office of Grant Management awarded a grant to an ineligible applicant, provided untimely and inaccurate responses to inquiries, and failed to enforce grant terms and conditions. The audit team recommended nine specific actions to improve accountability and performance of the STEP grant program.

Audit Report 12-23R

On September 27, 2012, the OIG issued Audit Report 12-23R, *504 Recovery Act Loans were Originated and Closed in Accordance with SBA Policies.* The OIG found that the SBA generally originated and closed 504 Recovery Act loans in accordance with SBA policies and procedures. However, the OIG did identify origination and closing deficiencies in four of the loans reviewed. Specifically, two loans were approved that lacked creditworthiness; one loan was approved with a collateral shortfall; and one loan was approved as an existing business in-of as a new business transaction. These four loans had improper loan approvals of $1,561,000. All four loans were current as of July 31, 2012. The OIG made three recommendations.

Advisory Memorandum 12-22

On September 28, 2012, the OIG issued Advisory Memorandum 12-22, *The SBA's Ratification Process May Lead to Anti-Deficiency Act Violations* as part of an on-going audit of the Small Business Administration's Unauthorized Commitments. The OIG determined that the SBA had ratified four unauthorized commitments associated with an expired postage meters contract without determining whether unobligated funds were available when the unauthorized commitment initially occurred. Without such a determination, these ratifications appeared to be invalid under Federal Acquisition Regulations (FAR) and U.S. Government Accountability Office guidance. Additionally, the ratifications may put the Small Business Administration (SBA, or the Agency) at risk for an Anti-Deficiency Act violation. These issues were addressed with SBA officials in May and August 2012. Subsequently, the Agency has since updated its ratification template to ensure that funds existed at the time the unauthorized commitment was made for all ratifications since May 2012 and all future ratifications. Since raising these concerns with management, the SBA has begun reviewing all ratifications made between February 2011 and May 2012 to ensure that they comply with all of the requirements outlined in the FAR.

"The SBA's Ratification Process May Lead to Anti-Deficiency Act Violations."

The audit team recommended that the SBA, more specifically the Chief Financial Officer: (1) continue to review the remaining ratification actions that have been taken using the previous template to determine if they contain similar deficiencies, and undertake appropriate corrective action to ensure that all ratifications approved by the SBA are valid under the FAR; and (2) review and determine if any Anti-Deficiency Act violations occurred in the previously ratified unauthorized commitments.

Audit Report 12-20R

On September 28, 2012, the OIG issued Audit Report 12-20R, *Addressing Performance Problems of High-Risk Lenders Remains a Challenge for the Small Business Administration*. The audit objective was to determine whether the SBA took actions to mitigate material lender risks identified in on-site reviews before and after passage of the Recovery Act. To answer the objective, the OIG examined the most recent on-site review reports completed between September 2005 and October 2010 for 16 lenders selected from a universe of 57 lenders, with 33 reports. The OIG found that the SBA did not always take actions to address lender risks and limit its exposure to losses from a combined portfolio worth more than $4.5 billion. The OIG issued two findings, specifically: (1) the SBA did not recognize and take action to address significant lender weaknesses and, (2) the SBA needs to improve its on-site and purchase review process. The OIG made six recommendations.

Report Number 13-02

On October 15, 2012, the OIG issued Report 13-02, *Fiscal Year 2013 Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration.*
In this report, the OIG provided its current assessment of the SBA's programs and activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. While the SBA's color scores improved in six 6 of the 10 existing challenges, scores dropped in three areas related to the Loan Management and Accounting System. challenge Further, a new challenge, related to Acquisition Management, was added to the overall report.

Audit Report 13-03

On October 23, 2012, the OIG issued Audit Report 13-03, *Benefits of Mentor Protégé Joint Ventures are Unknown: Robust Oversight is Needed to Assure Success and Avoid Abuse*. The objectives of this audit were to (1) determine the extent to which the joint venture agreement between a mentor and protégé resulted in substantial benefits to the 8(a) participant, and (2) assess the SBA's oversight of Mentor Protégé Joint Venture Arrangements.

The OIG found that the SBA lacked performance measurements for joint venture arrangements and did not effectively oversee 8(a) firms that have joint venture agreements. As a result, the SBA did not have the information necessary to determine whether mentor protégé joint ventures benefitted the 8(a) participant. This lack of information weakened SBA's ability to effectively oversee and assess the development of 8(a) participants with mentor and protégé joint venture agreements and increased the risk of program abuse by participants. The OIG made six recommendations.

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Peggy E. Gustafson,
Inspector General

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