Office of Inspector General

November & December 2014

Business Loans

Florida Woman Sentenced for Wire Fraud and Aggravated Identity Theft

On November 14, 2014, a Florida woman was sentenced to 18 months' imprisonment and 3 years of supervised release. The restitution amount is pending further adjudication. The woman previously pled guilty to wire fraud and aggravated identity theft. She had been a director for an intermediary company in the Microloan program, in which SBA provides large loans to intermediaries who in turn make smaller loans to local small businesses. The woman had provided escrow agreements with forged signatures and false bank statements to induce SBA to make two loans to her company in the amounts of $200,000 and $550,000.

To induce SBA to further disburse the approved loans, she submitted false information indicating that the company had made 21 local small loans using SBA loan proceeds. However, the company had only provided a total of $25,000 to a business that she owned and another controlled by her boyfriend. She also submitted false reconciliation statements and bank statements to SBA. Consequently, a total of $392,500 was disbursed to the intermediary company—and about $362,000 of that money was transferred to the bank account of another company that she incorporated and controlled. She and that firm used SBA loan proceeds to purchase an apartment building in Tallahassee, FL, which has since been seized and sold at auction. This case is being investigated jointly with the Internal Revenue Service (IRS) Criminal Investigation (CI) and the Department of Justice.

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California Man Sentenced to 6 ½ Years and to Pay $1.6 Million in Restitution

On November 17, 2014, a California man was sentenced to 6 ½ years in Federal prison and 5 years of supervised release in connection with his involvement in fraudulently obtaining SBA Section 7(a) guaranteed business loans. He was also ordered to pay $1.6 million in restitution, of which $930,000 will be paid to SBA. He previously pled guilty to mail fraud, bank fraud, and wire fraud.

The investigation found that he orchestrated a scheme in 2006 and 2007 to defraud a financing corporation, which provided a $4.5 million loan to finance the purchase of a gas station. He was unable to obtain the loan himself because of his poor credit rating, history of being sued by creditors, and failure to pay judgments. Accordingly, he created a shell corporation and recruited an unemployed truck driver as a straw buyer to pose as the owner of the shell company and apply for the loan in the corporation's name.

The man and a co-conspirator included false information in the loan application regarding the straw buyer's experience and assets. In addition, he and a co-conspirator falsely advised the bank that a $600,000 equity down payment had been used for the purchase, when in fact no down payment was made. During this scheme, he worked with his wife, his step-daughter, a business associate, and others.

After obtaining the financing corporation loan, the man coordinated a scheme to defraud a bank. He formed another shell corporation, installed his wife as owner, and had the new shell corporation purchase the gas station. He then had his wife and step-daughter apply to the bank for a loan to refinance the supposed debt one shell company owed the other, without disclosing that they controlled both companies. The bank was provided false information about both his wife's credit history and a $600,000 deposit.

The man and his family used the bank loan proceeds, as well as money siphoned from the gas station, to pay personal expenses, including luxury items. The shell corporations defaulted on the financing corporation and bank loans, causing each financial institution to suffer losses. SBA also suffered losses because it guaranteed 75 percent of the bank's Section 7(a) loan.

After the man was charged, he, his defense attorney, and his step-daughter engaged in a similar plot to defraud a small business lending firm. The man and his attorney recruited a straw buyer and former attorney to pose as the owner of a new shell corporation and to apply for $4.5 million in loans to finance the purchase of two California gas stations. This scheme also involved providing false information regarding the straw buyer's experience and assets and falsely telling the small business lending firm that there were $2.1 million in down payments, while overstating the sale prices of the businesses. The lending firm funded the 7(a) loans.

From the loan proceeds, the man and his family received nearly $300,000; the defense attorney received $250,000; and the former attorney received $100,000. Over the next six months, the man and his family used the loan proceeds and substantial funds from the gas stations for personal expenses, as they defaulted on the loans from the small business lending firm.

The man's wife, step-daughter, business associate, and defense attorney have pled guilty to various charges, and the former attorney is awaiting trial. The small business lending firm is determining additional losses that may be added to the man's restitution. The more recent activities in this investigation were worked jointly with the Federal Bureau of Investigation (FBI).

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Owner of Missouri Consulting Business Sentenced for Fraudulent Scheme

On November 18, 2014, the owner of a Missouri financial consulting business was sentenced to 5 years of probation and ordered to pay restitution of $3,113,281. He had previously pled guilty to conspiracy to defraud the United States. The owner had been a business consultant who assisted struggling businesses to obtain financing and restore business viability. He conspired with a former executive vice president of a bank in order to originate nominee loans to provide funding for such businesses.

The owner is 1 of 17 defendants charged in a complex scheme to defraud SBA. This was a joint investigation with the FBI.

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Former Senior Vice President of Iowa Bank Indicted for Involvement in Bank Fraud Scheme

On November 20, 2014, the former senior vice president of an Iowa bank was indicted for bank fraud, aggravated identity theft, and making false statements to SBA. On this same date, two bank customers were charged by criminal information with bank fraud, and a third customer was charged by criminal information with bank fraud and aggravated identity theft.

From March 2003 until March 2010, the three customers, with the assistance of the senior vice president, fraudulently acquired loans by filling out applications without the knowledge or consent of the borrowers and by forging their signatures. These loan proceeds were subsequently used for personal expenses, business operating expenses, and to make payments for delinquent loans held by the customers and others at the bank. Additionally, in connection to a $900,000 SBA-guaranteed loan, the senior vice president falsely certified to SBA that the equipment pledged to SBA had no liens or encumbrances when, in fact, he knew that a truck was encumbered on a delinquent loan, which he had originated for the benefit of one of the three customers. This joint investigation is being conducted in conjunction with the Federal Deposit Insurance Corporation (FDIC) Office of Inspector General (OIG), Iowa Department of Criminal Investigation, and FBI.

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Iowa Woman Charged for False Entry in Bank Record to Acquire Loan

On November 21, 2014, an Iowa woman was charged by criminal information for false entry in a bank record. In 2009, she and a former senior bank vice president allegedly acquired a $28,050 loan by filling out an application without the knowledge or consent of the borrower and forging the purported borrower's signature. The loan proceeds were then used for personal expenses. This joint investigation is being conducted in conjunction with the FDIC OIG, Iowa Department of Criminal Investigation, and FBI.

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Three Iowa Bank Customers Plead Guilty for Bank Fraud

On November 24, 2014, a customer of an Iowa bank pled guilty to bank fraud and aggravated identity theft. A second customer pled guilty to bank fraud. On November 25, 2014, a third customer pled guilty to bank fraud.

From March 2003 until March 2010, the customers, with the assistance of a former senior vice president of the bank, fraudulently acquired loans by filling out applications without the knowledge or consent of the borrower and by forging their signatures. These loan proceeds were subsequently used for personal expenses, business operating expenses, and to make payments for delinquent loans held by the customers and others at the bank.

This joint investigation is being conducted in conjunction with FDIC OIG, the Iowa Department of Criminal Investigation, and the FBI.

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Men in Texas Sentenced and Ordered to Pay Restitution

On November 24, 2014, a Texas court sentenced a man to a prison term of 6 months, to be followed by 3 years of supervised release, including 6 months of home confinement. The court also ordered him to pay restitution of over $1 million ($854,563 to SBA and $184,144 to a bank). Finally, the court imposed an over $1 million money judgment against him. He had previously pled guilty to conspiracy to commit wire fraud.

On the same date, the court sentenced a second man to 33 months in prison and 2 years of supervised release. Further, the court ordered him to pay restitution of $1,038,707 ($854,563 to SBA and $184,144 to the bank. The court also filed an order imposing a $1,038,707 money judgment against him. He had previously pled guilty to wire fraud and conspiracy to commit wire fraud. The man was not a U.S. citizen and could be subject to deportation to Pakistan upon completion of his imprisonment.

Since approximately 2001, the first man has operated a financial services firm and provided commercial loan packaging and brokering services. By his estimation, the firm brokered an average of $3,000,000 in loans annually, and approximately 80 percent of this business involved SBA-guaranteed loans. This estimate placed the total loans processed by the firm during its existence at around $36,000,000.

The first man came to the attention of SBA OIG soon after the founding of his firm because of local advertisements including an ad for "zero down" SBA loans printed on his company van. The current investigation, which originated in 2009, proved he was aiding clients in obtaining SBA-guaranteed loans by fraudulently creating the appearance they had liquid assets that they did not possess. He submitted false bank statements showing inflated bank account balances to SBA lenders as evidence that his clients had sufficient funds to make the cash injection required by SBA. Further, he produced such fraudulent bank statements to a bank in securing his own SBA loan to purchase a hotel.

In May 2008, he obtained a $990,000 SBA loan to fund the purchase of the hotel. Bank statements used as evidence of cash injection were altered to show a significantly higher account balance and other statements showed him as the accountholder when the account actually belonged to the second man, the seller of the hotel. The second man secretly funded the first man's full cash injection, attempting to disguise the money as consulting fees and sales commissions. Proceeds paid to the second man from the sale of the hotel ultimately funded portions of the down payment on his residence and the cash injection to satisfy SBA requirements in connection with another hotel purchase. There appeared to be fraudulent statements made in these loans as well.

In July 2009, the first man received a second SBA guaranteed loan for $510,000 for making improvements and additions to the second hotel. The second man again secretly supplied the funds for the first man's cash injection and acted as the general contractor for the construction project, while receiving the proceeds from the second loan.

In addition to the two hotel loans, the investigation determined that the two men conspired to get two of the financial services firm's clients approved for approximately $700,000 in SBA-guaranteed loans. While the first man was the loan broker of record, the second man acted as a "hard money lender," providing part of the cash injection in the form of high interest loans.

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Minneapolis Entrepreneur Pleads Guilty to Submitting False Statements

On December 09, 2014, a Minneapolis-area entrepreneur pled guilty in a U.S. court in Wisconsin to submitting false statements to a financial institution. He had been charged in connection with the 2009 sale of a Wisconsin auto parts and repair business for $1.14 million.

To profit from the sale of his failing business, the entrepreneur directed his on-site bookkeeper to make false entries into the business' accounting software. The data manipulation resulted in grossly inflated sales income on corporate financial statements and tax returns, which were provided to the bank and its appraiser in support of an inflated business value and a commercial loan application for the buyer. Influenced by the entrepreneur's inflated financial statements, the bank approved SBA-guaranteed loans of $947,500. Shortly after the sale, most of the false entries were removed in order for the man to file amended tax returns and lower his tax liabilities.

The business failed immediately following the sale. The entrepreneur's actions caused a full default and increased losses to the buyer, the bank, and SBA, and forced the buyer to file for bankruptcy. Per his plea agreement, the man has already made restitution payments totaling $614,496. This is joint investigation with the FBI and the New Richmond (WI) Police Department.

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Washington State Man Guilty of Bank and Wire Fraud

On December 11, 2014, a Washington State man was found guilty of conspiracy to commit bank fraud, bank fraud, and wire fraud. The total amount of fraud exceeded $1.3 million in credit and approximately $600,000 in actual loss divided disproportionately among three financial institutions.

The legal actions originated from an investigation related to a $50,000 SBA Business Express loan for the benefit of the man's wife, who operated a computer business. False and fraudulent information was submitted to a credit union to receive the SBA line of credit, which was 50 percent guaranteed by SBA. The investigation immediately uncovered a check kiting scheme targeting multiple financial institutions and the man's involvement in additional credit schemes. Eight collateralized loans from the credit union were uncovered, as well as a loan from a home mortgage lender, an additional new home construction loan originating from the same lender, and multiple credit lines from a bank. All credit was approved via a complex scheme to utilize false and/or fraudulent information involving the couple.

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Investment Firm President and Co-Conspirator Plead Guilty for Involvement in Fraud Schemes

On December 16, 2014, the president of a Michigan investment firm and a female co-conspirator pled guilty to making a false statement to SBA and to conspiracy for obtaining money from lending institutions, banks, and individuals by material false and fraudulent pretenses. On December 18, 2014, the president of a second investment firm pled guilty to conspiracy to commit bank fraud.

The first two individuals recruited a straw buyer and used the second investment firm to facilitate a fraudulent $2.5 million mortgage loan on a residential property in the metropolitan Detroit area. They arranged to have the proceeds of the fraud split between themselves and others.

The same two individuals made false statements to influence SBA to guarantee a commercial loan. They forged the signature of the actual owner of a home improvement service company and submitted an SBA Express loan application to a bank for $50,000 without the owner's knowledge or consent. The loan went into default. The investigation revealed six similar bank fraud schemes by the two individuals totaling $229,000 in loans. This investigation was conducted jointly with the FBI and U.S. Secret Service.

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Disaster Loans

New Jersey Woman Sentenced for Fraudulently Obtaining Hurricane Sandy Relief

On October 24, 2014, a New Jersey woman pled guilty and was sentenced to 1 year of probation after having been charged with theft by deception. She had filed false applications to collect Federal relief funds after Hurricane Sandy and had received $21,128 in Federal Emergency Management Agency (FEMA) grants, for which she made full restitution. The woman had claimed that a storm-damaged house was her primary home, when in fact it was owned by the family of her deceased husband, from whom she had been separated. The house was vacant. As administrator of his estate, she deeded herself a 50 percent interest in the home after receiving the FEMA grants. SBA had declined her home disaster loan application. This investigation was conducted jointly with a task force comprised of the New Jersey State Department of Community Affairs (DCA), the U.S. Department of Homeland Security (DHS) OIG, and the U.S. Department of Housing and Urban Development (HUD) OIG, under the direction of the New Jersey Office of the Attorney General.

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New Jersey Man Enters Pretrial Intervention for Theft by Deception

On November 3, 2014, a New Jersey man entered pretrial intervention after having been charged with theft by deception and unsworn falsification for filing false applications to collect Federal relief funds after Hurricane Sandy. He received $17,766 in FEMA rental assistance grants, a $10,000 resettlement grant from the New Jersey State DCA, and $46,700 from an SBA home disaster loan in which he made full restitution to all parties totaling $74,298. In addition, he filed a false application for a $10,000 grant under the HUD Homeowner Resettlement Program administered by DCA. He was approved for the HUD grant, but the funds were not issued because his alleged fraud was discovered. The investigation disclosed that he had falsely claimed that a storm-damaged house was his primary residence, when in fact it was a secondary home. This investigation was conducted jointly with a task force comprised of the New Jersey State DCA, DHS OIG, and HUD OIG, under the direction of the New Jersey Office of the Attorney General.

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Former SBA Employee Pleads Guilty to Theft of Property

On November 10, 2014, a Texas man pled guilty to theft of property (a state felony) and was sentenced to two years imprisonment (suspended) and five years of probation, and was ordered to pay restitution of $6,112. The man had used his employment as an administrative support specialist at the SBA Disaster Processing and Disbursement Center in Fort Worth, TX, to commit theft of Government property. When interviewed by an SBA OIG special agent, he confessed to using General Services Administration (GSA) fleet cards assigned to government-owned vehicles to purchase at least $6,112 in fuel for his personal vehicle. The man subsequently resigned from his position with SBA.

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New Jersey Woman Enters Pretrial Intervention After Fraudulently Obtaining Hurricane Sandy Relief Funds

On November 17, 2014, a New Jersey woman entered pretrial intervention after being charged with theft by deception for filing false applications to collect Federal relief funds after Hurricane Sandy. She had received a FEMA grant of $2,270 for rental assistance, for which she has made full restitution. The woman also forfeited her employment with the Ocean County Prosecutor's Office. The investigation disclosed that the woman, whose home was damaged in Hurricane Sandy, obtained the FEMA rental assistance by falsifying checks and receipts for two months of rent that she purportedly paid to her daughter to rent a home elsewhere in New Jersey. The woman admitted that she did not use the funds to pay rent. She was also approved for and received $40,000 from a SBA disaster home loan for her residential property. This investigation was conducted jointly with a task force comprised of the New Jersey State DCA, DHS OIG, and HUD OIG, under the direction of the New Jersey Office of the Attorney General.

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Illinois Man Pleads Guilty to Theft of SBA Relief Funds Intended to Benefit Church

On November 26, 2014, an Illinois man pled guilty to theft. He was sentenced to time already served and 2 years of probation, and was ordered to pay restitution of $7,000. An April 2014 indictment had charged him and a secretary/administrator of a church in connection with a scheme to defraud the church of $22,300 in proceeds from an SBA physical disaster loan. The pastor and the church secretary/administrator were signatories on the loan documents. In November and December 2013, SBA disbursed the loan proceeds directly into the bank account designated on the loan application. However, in January 2014, the pastor reported to SBA that the church had not received the funds, and he suspected the bank routing information was altered on the loan application submitted to SBA.

The investigation revealed that the two individuals created false corporate resolution records, opened a checking account at a bank unknown to the church or pastor, and diverted SBA disaster loan funds into the unauthorized account for their personal use. The individuals each provided written confessions to the theft and admitted they used the disaster loan funds for personal expenses and for gambling at casinos. This was a joint investigation with the Cook County Sheriff's Police and the Cook County State's Attorney Office.

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Government Contracting

Virginia-Based Energy Company to Pay $2.5 Million for Conspiring to Commit Major Fraud

On November 19, 2014, a major Virginia-based energy company agreed to pay more than $2.5 million in fines and monetary penalties for conspiring to commit fraud by illegally obtaining contracts meant for small disadvantaged businesses. The company agreed to the filing of a criminal information charging the company with knowingly and willfully conspiring to commit major fraud. It has accepted responsibility for its criminal conduct and that of its employees. In addition, as part of a deferred prosecution agreement reached with the U.S. Attorney's Office for the District of Columbia and the Antitrust Division, the company agreed to pay a fine of $1,560,000 and a monetary penalty of $1,027,261 within 5 days of the approval of the agreement by the court.

According to court documents, the company conspired with a business that was eligible to receive Federal Government contracts set aside for small disadvantaged businesses with the understanding that the business would illegally subcontract all of the work on the projects to the major energy company. In this way, the major company was able to capture eight contracts worth $17,711,405 that should have gone to an eligible company. These contracts, awarded in 2010, were focused on making Federal buildings in the Washington, D.C., area more energy-efficient. Under the illegal agreement, the company that was awarded these Government contracts was allowed to keep 5.8 percent of the value of the contracts. This is a joint investigation with the FBI and GSA OIG.

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Maryland Construction Company Agrees to Pay $2.15 Million to Treasury for involvement in $10 Million Scheme

On December 12, 2014, a Maryland construction company entered into a non-prosecution agreement (NPA) with the United States. As part of the NPA, the company agreed in part to accept responsibility for its conduct, continue its cooperation with the Government's investigation, and pay $2,150,000 to the U.S. Treasury.

The NPA resulted from an investigation into allegations that the Maryland company and a Virginia firm provided false joint venture information to win a contract worth over $10 million. The Maryland company misused certified business enterprise firms to obtain preference points on District of Columbia construction projects. It entered into a joint venture with the Virginia firm on a Section 8 (a) set-aside contract for the National Institutes of Health (NIH) building. In September 2009, SBA and NIH jointly awarded this $10 million construction contract to the two firms' joint venture after both companies allegedly provided false past performance information on their bid submission to NIH and submitted a fraudulent joint venture agreement to SBA. The joint venture agreement indicated that the Virginia firm (the 8(a) company) would be the 51 percent partner in the joint venture and would provide the project manager for the construction project. Neither of those things happened. In addition, the firms entered into an oral agreement that the Maryland company would manage approximately 85 percent of the project, while the Virginia firm would only be responsible for 15 percent. The two firms' actions violated SBA regulations governing joint venture and 8(a) set-aside contracts.

This investigation will be closed and was worked with the U.S. Attorney's Office for the District of Columbia, the District of Columbia OIG, and the FBI.

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Pennsylvania Man and Company to Pay $3.6 Million for Major Fraud, False Claims, and Obstruction

On December 15, 2014, a Pennsylvania man and his company agreed to the entry of a consent judgment in favor of the United States. The judgment of $3,600,000 was entered as a result of a False Claims Act complaint against him and his company. He previously pled guilty to major fraud against the United States, obstruction of a Federal audit, and making false claims.

The legal action resulted from an investigation into allegations that the man was the actual owner of a small business that purported to be woman-owned, but was actually 85 percent owned and operated by him. The man also had previously been convicted of a felony and was not eligible to participate in SBA Government contracting programs. In addition, he fraudulently diverted $1.2 million in Government progress payments on Department of Defense contracts to pay outstanding obligations on other contracts or for other business and personal expenses and directed two employees of the business to present false checks to Defense Contract Audit Agency auditors during a Federal audit.

Finally, on the same date, his wife agreed to the entry of a $20,000 consent judgment in favor of the United States. The judgment was entered as a result of a False Claims Act complaint against her. The investigation determined that she purported to own her husband's company and took advantage of woman-owned small business status. She was not charged criminally in the case.

This investigation continues and is being worked in conjunction with the U.S. Army Criminal Investigative Command, the Defense Criminal Investigative Service (DCIS), and the U.S. Air Force Office of Special Investigations.

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Three Companies Reach Civil Settlement with US for Fraudulent Activity on $1 Billion Prime Contract

On December 15, 2014, three related companies collectively entered into a civil settlement with the United States. The companies agreed to pay $2,500,000 to the U.S. Attorney's Office for the District of Columbia. In addition, as part of the settlement, the U.S. Army Corps of Engineers (USACE) will withhold payments due to the companies totaling $11,200,000. The companies will withdraw any appeals seeking the return of the funds and relinquish all rights to any payments that have been withheld.

From 2005 to 2011, the technology firm of the three companies held a $1 billion prime contract with USACE. Between September 2007 and October 2011, the firm's then-director of contracts accepted kickbacks from several subcontractors of the technology firm and another related company in return for using his position to direct subcontracts to them. The two firms submitted invoices to USACE that included charges for work that was never performed and lacked internal controls to detect the improper charges. In March 2012, the director of contracts pleaded guilty to bribery and kickback charges. USACE stopped payments to the two firms. This was a joint investigation with the Department of Justice, U.S. Attorney's Office for the District of Columbia, DCIS, and the U.S. Army Criminal Investigation Command.

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Former Chief Executive Officer of Security Contracting Firm to Pay $4.5 Million

On December 22, 2014, the former chief executive officer of a Virginia-based security contracting firm agreed to pay $4.5 million to settle civil claims relating to his involvement in a scheme to create a front company to obtain contracts through the SBA Section 8(a) Program. The settlement resolves civil claims against him relating to the criminal plea entered by him. He previously pled guilty to major fraud against the Government and conspiracy to commit bribery.

The executive participated in a scheme whereby he and other principals of his firm and a second security firm falsely represented that the second firm was eligible for the 8(a) Program when in fact it was operated and controlled by the executive's firm. The second firm received over $31 million dollars in 8(a) and small business set-aside contracts. The executive also agreed to pay a DHS employee $50,000 to assist the second firm in obtaining DHS contracts. This case is being jointly investigated with the U.S. National Aeronautics and Space Administration OIG, DCIS, and DHS OIG.

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Agency Management

Audit Report 15-02: Independent Auditors' Report on SBA's FY 2014 Financial Statements

On November 17, 2014, OIG issued the results of audit work, which was performed under contract with the independent certified public accounting firm KPMG LLP (KPMG). This audit is an annual requirement of the Chief Financial Officers Act of 1990, and was conducted in accordance with the Generally Accepted Government Auditing Standards; the Office of Management and Budget Bulletin No. 14-02, Audit Requirements for Federal Financial Statements; and the U.S. Government Accountability Office's Financial Audit Manual and Federal Information System Controls Audit Manual.

The attached independent auditor's report presents an unmodified opinion on SBA's consolidated financial statements for FY 2014. Specifically, KPMG reported that:

- The financial statements were fairly presented in all material aspects in conformity with U.S. generally accepted accounting principles.
- There were no material weaknesses in internal control.
- There is a significant deficiency related to SBA's information technology security controls, which has been identified in the past.
- There is one instance of noncompliance with laws and regulations related to the Debt Collection Improvement Act of 1996, which also has been reported in the past.

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Audit Report 15-03: Independent Auditor's Report on SBA's FY 2014 Special-Purpose Financial Statements

On November 18, 2014 OIG issued the results of audit work, which was performed under contract with KPMG. The report presents an unmodified opinion on SBA's special-purpose and consolidated financial statements for FY 2014. Specifically, KPMG reported that the statements, including the Federal trading partner note, present SBA's financial position for FY 2013 and 2014 fairly in all material respects. Also, the results of operations and the changes in net position for the period are in accordance with U.S. generally accepted accounting principles, and the presentation is in conformance with the requirements of TFM 2-4700.

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Audit Report 15-04: Management Letter—SBA's FY 2014 Financial Statements Audit

On December 15, 2014, OIG issued the Independent Public Accountant's (IPA) management letter, which includes information related to non-reportable findings identified during KPMG's audit of SBA's FY 2014 financial statements. In this letter, KPMG noted four matters involving internal controls and other operational matters that included: (1) improvement needed in the timely issuance of safety and soundness examination reports; (2) inadequate controls over 1502 reporting for the 7(a) guaranty loan program; (3) untimely 7(a) charge-off reviews and processing; and (4) inadequate reviews of STAR time and attendance reports.

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Office of Inspector General
Peggy E. Gustafson
Inspector General

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To promote integrity, economy, and efficiency,
we encourage you to report suspected instances of
fraud, waste, abuse, or mismanagement
in any SBA program to the OIG Hotline* at

http://www.sba.gov/office-of-inspector-general/2662

Or call the OIG Hotline toll-free, at (800) 767-0385

**In accordance with Sections 7 and 8L(b)(2)(B) of the Inspector General's Act, confidentiality of a complainant's personally identifying information is mandatory, absent express consent by the complainant authorizing the release of such information.*

We welcome your comments concerning this update or other OIG publications.

To obtain copies of these documents please contact us at:

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