



# *News Release*

## **PRESS OFFICE**

---

**Release Date:** January 9, 2007  
**Release Number:** 07-01

**Contact:** Sean Rushton (202) 205-6882  
**Internet Address:** <http://www.sba.gov/news>

### **Statement of SBA Administrator Steven Preston On Loan Fraud Arrests**

**WASHINGTON, DC** — U.S. Small Business Administration Administrator Steven C. Preston made the following statement today in response to the Department of Justice's arrest of 19 persons charged with fraud in connection with more than \$76 million in loans guaranteed by the SBA.

“Due to the excellent work of SBA’s Office of Inspector General (OIG), in conjunction with the U.S. Department of Justice and Secret Service, the SBA has broken up what appears to be a major and sophisticated scam to defraud taxpayers.

“SBA helps America’s small businesses through its guarantee on a portfolio of 345,000 small business loans totaling \$62 billion. We are responsible not only for the loan guarantees, but also to protect the integrity of the program, and the American taxpayers.

“SBA’s IG cracked an apparent ‘inside job’ of loan and banking professionals, centered around individuals in the Business Loan Express, LLC. BLX is a major participant in SBA’s Preferred Lender Program (PLP).

“Recent SBA reforms, including creation of the Lender Oversight Program, helped the OIG in its investigation. We are grateful to the Department of Justice and Secret Service for working with SBA to break the case.

“With the public announcement of the OIG’s investigation SBA can also disclose that it is reviewing BLX’s loans in order to assess its on-going relationship with SBA. The agency will move aggressively to recover any funds lost to fraud.

“With these actions SBA reaffirms its commitment to police our loan programs and protect the small businesses and the taxpayers it serves.”

###