

Summary: Investigation of False Claims against the Bureau of Indian Affairs Loan Guaranty Program

Report Date: September 27, 2016

OIG and the Department of Justice (DOJ) jointly investigated allegations that an Indian-owned company made false claims against the Bureau of Indian Affairs (BIA) Loan Guaranty Program. In 2007, BIA guaranteed 90 percent of a \$6.2 million loan for the company to purchase an existing manufacturing business for \$8.4 million. By 2009, the company defaulted on the loan, and the government paid \$5.06 million to the lender to satisfy the loan guarantee. A review of documents during liquidation proceedings identified suspected false statements made by the lender and others related to equity requirements, which induced BIA to award and then honor its loan guaranty.

We assisted DOJ's Civil Division with interviews and the collection of records. On June 30, 2016, DOJ notified OIG of its decision to conclude the investigation without further activity or prosecution.

This is a summary of an investigative report that was issued to BIA for information.

