

Office of Inspector General

Small Business Administration

Semiannual Report to Congress

Spring 2015



October 1, 2014-March 31, 2015



Small Business Administration
Office of Inspector General
Washington, DC 20416



I am pleased to present the U.S. Small Business Administration (SBA or the Agency) Office of Inspector General's (OIG) Spring 2015 Semiannual Report to Congress. The report provides a summary of OIG's activities from October 1, 2014 through March 31, 2015. OIG continues to focus on the most critical risks facing SBA. Our resources are directed at key SBA programs and operations, to include financial assistance, Government contracting and business development, financial management and information technology, disaster assistance, Agency management challenges, and security operations.

During this reporting period, OIG issued 9 reports containing 40 recommendations for improving SBA operations and reducing fraud and unnecessary losses in the Agency's programs. In addition, OIG investigations resulted in 27 indictments and 30 convictions. Overall, OIG achieved monetary recoveries and savings of \$78.3 million from recommendations that funds be put to better use agreed to by management; disallowed costs agreed to by management; court-ordered and other investigative recoveries, fines, and forfeitures; and loans or contracts not made as a result of investigations and name checks. OIG also sent 33 suspension or debarment referrals to SBA. OIG investigations resulted in 15 additional suspension or debarment referrals at other agencies.

In achieving these results, OIG dedicated its oversight resources toward the principal program areas of SBA. A few noteworthy reviews and investigative outcomes detailed in this report are highlighted below:

- ◆ OIG published its *Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in FY 2015* in October 2014. This report represents our current assessment of Agency programs and/or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies.
- ◆ OIG issued Audit Report 15-05, *SBA's Evaluation of Principal's Repayment Ability for Hurricane Sandy Business Loans*. We estimate that SBA approved at least 537 Hurricane Sandy disaster business loans, totaling at least \$17.9 million, without sufficiently considering principals' living expenses when determining repayment ability, placing these loans at a higher risk of default.
- ◆ OIG continues to focus investigations against allegations of fraud pertaining to Hurricane Sandy disaster assistance. As part of a multi-agency effort, thus far 16 individuals have been indicted, with 6 of them sentenced to pre-trial diversion. The individuals have been ordered to pay over \$185,000 in restitution, with nearly \$117,000 in additional restitution prepaid before sentencing.
- ◆ OIG issued Evaluation Report 15-07, *Weaknesses Identified During the FY 2014 Federal Information Security Management Act Review*. We assessed the Agency's progress in implementing open recommendations and compared our current year assessment with our fiscal year (FY) 2013 Federal Information Security Management Act (FISMA) evaluation. We made six new recommendations to address FISMA-related vulnerabilities.

I would like to thank OIG's employees for their outstanding efforts to promote economy, efficiency, effectiveness, and integrity in SBA programs and operations. We look forward to continuing to work with Administrator Contreras-Sweet and SBA's management to address the issues and challenges facing the Agency.

A handwritten signature in black ink, appearing to read "Peggy E. Gustafson".

Peggy E. Gustafson

This page intentionally blank.

Table of Contents

Overview of SBA and OIG	1
Management Challenges.....	2
Small Business Access to Capital	3
Disaster Loan Program	10
Procurement Assistance.....	14
Agency Management	21
Other Significant OIG Activities	23
Statistical Highlights: October 1, 2014–March 31, 2015	27
Appendix I: Reports Issued October 1, 2014–March 31, 2015.....	30
Appendix II: Reports with Questioned Costs.....	32
Appendix III: Reports with Recommendations that Funds Be Put to Better Use	33
Appendix IV: Reports with Non-Monetary Recommendations.....	34
Appendix V: Reports from Prior Periods with Overdue Management Decisions	35
Appendix VI: Reports Without Final Action as of March 31, 2015	36
Appendix VII: Significant Recommendations from Prior Reporting Periods Without Final Action of as March 31, 2015.....	39
Appendix VIII: Significant Recommendations October 1, 2014–March 31, 2015.....	51
Appendix IX: Cosponsored & Other Activities October 1, 2014–March 31, 2015.....	53
Appendix X: Legal Actions Summary.....	69
Appendix XI: Results of External Peer Reviews.....	79
Appendix XII: Organization.....	80
Appendix XIII: Organization Chart.....	81

This page intentionally blank.

Overview

The Small Business Administration

The mission of the Small Business Administration (SBA or the Agency) under the Small Business Act, as amended, is to maintain and strengthen the Nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The Agency's strategic plan for fiscal years (FY) 2014-2018 has three overarching goals:

- ◆ Growing businesses and creating jobs.
- ◆ Serving as the voice for small business.
- ◆ Building an agency that meets the needs of today's and tomorrow's small businesses.

SBA has also identified FY 2015 priority goals:

- ◆ Getting capital into the hands of more small businesses by building on successful efforts to streamline and simplify SBA's existing lending platforms.
- ◆ Promoting inclusive entrepreneurship by providing access and opportunity to promising entrepreneurs nationwide.
- ◆ Improving America's entrepreneurial ecosystem with a focus on high-growth entrepreneurship that includes the regional clusters and growth accelerators that support innovation.
- ◆ Building capacity and depth in America's small business supply chain (both commercial and Government) to strengthen American manufacturing and exporting and to encourage insourcing.
- ◆ Making small businesses more globally competitive through export growth.

SBA is organized around four key functional areas: financial assistance, contracting assistance, technical assistance (e.g., entrepreneurial development), and disaster assistance. The Agency also represents small businesses through an independent advocate and an ombudsman.

SBA's headquarters is in Washington, D.C.—with staff in 10 regional offices, 68 district offices and corresponding branch offices, and 4 disaster field

offices—to deliver business products and services. There are also six Government contracting area offices. SBA also maintains a vast network of resource partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.

The Office of Inspector General

Pursuant to the Inspector General Act of 1978 (the IG Act), as amended, the Office of Inspector General (OIG) provides independent, objective oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. While SBA's programs are essential to strengthening America's economy, the Agency faces a number of challenges in carrying out its mission. Challenges include fraudulent schemes affecting all SBA programs, significant losses from defaulted loans, procurement flaws that allow large firms to obtain small business awards, excessive improper payments, and outdated legacy information systems.

OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement; investigating fraud and other wrongdoing; and taking other actions to deter and detect waste, fraud, abuse, and inefficiencies in SBA programs and operations.

OIG's activities also help to ensure that SBA employees, loan applicants, and program participants possess a high level of integrity. This is critical to the proper administration of SBA's programs because it helps ensure that SBA resources are used by those who deserve and need them most. Appendix I contains information regarding audit and other reports issued by OIG during this reporting period. Appendix X contains summaries of investigative actions. Copies of OIG reports and other products are available at <http://www.sba.gov/office-of-inspector-general>.

Management Challenges

Each year, OIG identifies the most serious management and performance challenges facing SBA. In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circular A-136, SBA reports this information in its [agency financial report](#). The management challenges represent areas that OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the Agency, its operations, or its credibility. Each management challenge generally has originated from one or more reports issued by OIG or the

Government Accountability Office (GAO).

For each management challenge, OIG provides SBA with recommended remedial actions together with an assessment of Agency progress on each recommended action during the preceding fiscal year. If sufficient progress occurs during the previous fiscal year, OIG assigns a higher color score and the arrow indicator shows upward movement. The following table provides a summary of this year's management challenges. ([Report 15-01](#))

Number	Challenge	Green	Yellow	Orange	Red	Up↑	Down↓
1	Small Business Contracting	1	1			1	
2	IT Security		3	2		1	1
3	Human Capital		3				
4	Loan Guaranty Purchase	1				1	
5	Lender Oversight		2			2	
6	8(a) Business Development Program			2	1		1
7	Loan Agent Fraud		1	2			
8	Loan Management and Accounting System		4			3	
9	Improper Payments- 7(a) Program	2	4			1	
10	Improper Payments-Disaster Loan Program	1				1	
11	Acquisition Management			5			
	TOTAL	5	18	11	1	10	2

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. Over the years, OIG has worked closely with the Agency to improve SBA's oversight and controls over these programs to ensure that these programs benefit eligible participants most in need of assistance.

For example, SBA has a financial assistance portfolio of guaranteed and direct loans over \$106 billion. The Agency's largest lending program, the [Section 7\(a\) Loan Guaranty Program](#), is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business, or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (e.g., borrowers, loan agents, and lenders) to complete loan transactions, with the majority of loans being made by lenders to whom SBA has delegated loan-making authority. Additionally, SBA has centralized many loan functions and reduced the number of staff performing these functions, placing more responsibility on, and giving greater independence to, its lenders. OIG continues to identify weaknesses in SBA's lender oversight processes.

Diverse Array of Techniques Used to Defraud Loan Programs

Criminals use various methods to fraudulently obtain—or induce others to obtain—SBA-guaranteed loans. These include submitting fraudulent documents, making fictitious asset claims, manipulating property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or prior criminal records. Consequently, there is a greater chance of financial loss to the Agency and its lenders. Some of the techniques are described below.

- ◆ 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 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 to support an inflated business value and a commercial loan application for the buyer. As a result, 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. He has made restitution payments totaling \$614,496. This is joint investigation with the Federal Bureau of Investigation (FBI) and the New Richmond (WI) Police Department.

- ◆ The former co-owner and president of a New Hampshire-based steel fabricator pled guilty to conspiracy, making false statements, and overvaluing property to influence the actions of a Federal Deposit Insurance Corporation (FDIC)-insured financial institution. The company relied on financing from a Vermont savings bank, including \$10 million in line-of-credit financing by the end of 2008, and a \$2 million SBA-guaranteed loan funded in December 2010. The company president admitted to conspiring with others to submit to the bank borrowing base certificates, which contained false information about the value of the work in process, as well as inventory based on false value for change orders on a contract. He also admitted to providing a draft financial statement for FY

2010, which had false information about the value of its inventory. This joint investigation continues in conjunction with FDIC OIG and the FBI.

Falsified Equity Injection Increases Business Loan Risk

A borrower's own financial stake in a business is called equity (or capital) injection. If a borrower personally has something at risk in the business, that person is less likely to default on a loan. When lenders require an injection of such money into projects financed by guaranteed loans, some borrowers try to avoid this obligation by falsifying the amount or source of these injections, as shown by these examples.

- ◆ The former president of a Georgia banking company was indicted for bank fraud and major fraud against the United States. Between 2005 and 2010, and in conspiracy with others, he allegedly committed bank fraud to obtain money, funds, credits, assets, securities, and other banking company property while replacing non-performing loans with new loans. This included a \$1.5 million SBA-guaranteed loan, in which he conspired with others to conceal the borrower's failure to make a required \$300,000 equity injection. The loan was for purchasing a failed manufactured home plant that had been the subject of \$900,000 in defaulted, non-guaranteed loans. The fraud scheme's purpose was to make the bank appear financially stronger than it was. The actions caused approximately \$2.8 million in monetary losses to the bank and SBA. He continued similar illegal activities, even when the bank applied for and received \$3.8 million in assistance from the Troubled Asset Relief Program (TARP), a Government initiative to help financial institutions during an economic crisis. This ongoing case is being investigated jointly with FDIC, the
- Special Inspector General for TARP, the FBI, the Tift County Sheriff's Office, and the U.S. Attorney's office.
- ◆ A Maryland man pled guilty to bank fraud, money laundering, and aggravated identity theft. He also agreed to pay nearly \$1.67 million in restitution and forfeit a home. The investigation revealed that he provided false statements and equity injection proof to obtain a nearly \$1.67 million SBA Section 7(a) loan. He had provided a falsified SBA statement of personal history, bank application, and tax returns to a 7(a) lender. He also listed the social security number (SSN) of a deceased victim on the documents. Finally, he provided fabricated bank statements to the lender to prove that he maintained enough assets to provide an equity injection. Review of the actual statements showed that he did not possess the necessary equity injection. After the loan was disbursed, the man converted a portion of the 7(a) loan proceeds to personal use when he purchased cashier's checks to buy a new home in Maryland. He also attempted to file bankruptcy in Maryland using his actual SSN, but falsified bankruptcy documents by failing to list the SBA lender and the 7(a) loan in his bankruptcy filings. This investigation is being worked in conjunction with the Social Security Administration OIG.

Elaborate 7(a) Fraud Scheme Results in \$1.6 Million in Restitution

A California man was sentenced to 6.5 years in Federal prison and 5 years of supervised release for his involvement in fraudulently obtaining SBA 7(a) guaranteed 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, bank, and wire fraud. A business associate, who had pled guilty to mail fraud, was sentenced to 6 months of home detention and 3 years of supervised

release, and was ordered to pay restitution of \$210,000 and to participate in mental health treatment.

The investigation found that the California man 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 to act as a “straw buyer” by posing as the owner of the shell corporation and applied for the loan in its 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 informed 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 that one shell company owed the other, without disclosing that they controlled both companies. The bank was provided with false information about both his wife’s credit history and a \$600,000 deposit.

The man and his family then 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 lost nearly \$1 million.

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. Similarly, 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 6 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, 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 FBI.

Owner of Missouri Consulting Business Sentenced for Fraud Scheme

The owner of a Missouri financial consulting business was sentenced to 5 years of probation and ordered to pay restitution of over \$3.1 million. 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 one of 17 defendants charged in a complex scheme to defraud SBA. This was a joint investigation with the FBI.

Former Iowa Bank Executive and Others Involved in Fraud

The former senior vice president of an Iowa bank was charged in a superseding indictment with submitting false documents to a bank and aggravated identity theft. In addition, a bank customer pled guilty to bank fraud and aggravated identity theft, and two others pled guilty to bank fraud. Another customer was charged by criminal information for false entry in a bank record.

From March 2003 until March 2010, the customers, with the assistance of the senior vice president, fraudulently acquired loans by filling out applications without the knowledge of the borrowers and by forging their signatures. The proceeds were used for personal expenses, business operating expenses, and to make payments for delinquent loans held by the customers and others at the bank. In connection with 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 he had originated for the benefit of one of the customers. This joint investigation is being conducted with FDIC OIG, the Iowa Department of Criminal Investigation, and the FBI.

Two Men Sentenced for Assisting in Fraudulently Obtaining SBA Loans For Themselves and Clients

A Texas court sentenced a man to 6 months in prison, 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) and a \$1 million money judgment. He had pled guilty to conspiracy to commit wire fraud.

The court also sentenced a second man to 33 months in prison and 2 years of supervised release. Further, the court ordered him to pay restitution over \$1 million (\$854,563 to SBA and \$184,144 to a bank) and a \$1 million money judgment. He had pled guilty to wire fraud and conspiracy to commit wire fraud. The man was not a U.S. citizen and could be deported to Pakistan upon completion of his imprisonment.

Since approximately 2001, the first man has operated a financial services firm and provided loan packaging and brokering services. He estimated that the firm brokered an average of \$3 million in loans annually, with around 80 percent of this business involving SBA-guaranteed loans. This estimate placed the total loans processed by the firm at around \$36 million.

The first man originally came to OIG's attention because of advertisements, including one for "zero down" SBA loans printed on his company van. The current investigation, which originated in 2009, proved he was helping clients obtain SBA loans by fraudulently creating the appearance they had liquid assets that they did not possess. He submitted false bank statements to SBA lenders as evidence that his clients had sufficient funds to make the required cash injection.

Moreover, in May 2008, he obtained a \$990,000 SBA loan to fund his purchase of a hotel. Bank statements used as evidence of cash injection were altered to show a significantly higher account balance. Other statements showed him as the account holder when the account actually belonged to the second man, the seller of the hotel. The sec-

ond 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 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, the two men conspired to get two of the financial services firm's clients approved for approximately \$700,000 in SBA 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.

Washington State Man Guilty of Fraud in Check Kiting Scheme

A Washington State man was found guilty of bank fraud, wire fraud, and conspiracy to commit bank 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 fraudulent information involving the couple.

Director of Florida Company Ordered to Pay Restitution for Wire Fraud and Identity Theft

The director of a Florida company was ordered to pay \$336,914 in restitution to SBA. She previously had been sentenced to 18 months of imprisonment and 3 years of supervised release for wire fraud and aggravated identity theft. Her firm had been a local intermediary company in the SBA Microloan Program. In this program, SBA provides large loans to intermediaries, who in turn provide training and smaller loans of up to \$50,000 to small businesses. The director had provided escrow agreements with forged signatures and false bank statements to SBA to induce it to make loans of \$200,000 and \$550,000 to her firm, of which only \$192,500 of the second loan was disbursed. She also falsely indicated that her firm had made 21 local small loans using SBA loan proceeds. However, her company only provided a total of \$25,000 to a business owned by her and another controlled by her boyfriend. She also submitted false reconciliation statements and bank statements to SBA to support the other false information. Of the \$392,500 disbursed to the intermediary company, about \$362,000 was transferred to the bank account of another company controlled by her. She and that company used SBA loan proceeds to purchase an apartment building in Tallahassee, Florida. That apartment complex was seized and sold at auction. She initially objected to the restitution amount, believing the seized building was sold too cheaply and that her restitution should be offset by the building's actual value. This case was investigated jointly with the Internal Revenue Service

(IRS) Criminal Investigation (CI) and Department of Justice.

Attorney Sentenced to 6 Months of Imprisonment for Role in Mortgage Fraud

A Chicago-area real estate attorney was sentenced to 6 months of imprisonment and 1 year of supervised release, and was ordered to pay restitution of \$492,303. He had previously pled guilty to wire fraud in connection with residential mortgage fraud schemes involving two Chicago properties transferred in 2009. The attorney had conspired with the seller and a buyer to falsify the buyer's down payment. He prepared a bogus will for a deceased man which purported to leave a \$200,000 inheritance for his son, the buyer. The attorney signed the will as the father's attorney and as the executor of the estate. The bogus will was created after the father had died. These documents were forwarded to the lender as evidence of the source of the buyer's down payments. The attorney represented the buyer in these real estate transactions. This is an ongoing joint investigation with the U.S. Postal Inspection Service. It was initiated following a lead provided by OIG's Early Fraud Detection Working Group.

New Jersey Loan Broker Sentenced for Conspiracy to Commit Bank Fraud

A New Jersey loan broker was sentenced to time served and 36 months of probation, and was ordered to pay over \$1.1 million in restitution. He previously pled guilty to conspiracy to commit bank fraud. The investigation revealed that an organized group of Korean nationals was obtaining credit cards and loans from lending institutions by using false identities, documents, and business names. The investigation identified 275 loans, totaling approximately \$19 million. Each business or individual obtained multiple loans, usually from different institutions. Approximately

85 percent of the loans were SBA express loans, with the majority having defaulted. This broker obtained 28 loans, totaling approximately \$1.5 million, for the fictitious businesses, with losses on these loans being approximately \$1.1 million. This joint investigation was conducted with the IRS CI, Englewood (NJ) Police Department, and Bergen County Prosecutors Office.

Maryland Man Sentenced to 51 Months in Prison for Conspiracy to Commit Bank Fraud

A Maryland man was sentenced to 51 months in prison, to be followed by 3 years of supervised release, and was ordered to pay restitution of \$950,000. He had previously pled guilty to conspiracy to commit bank fraud. The man had created a real estate investment firm, in which he was the majority owner, to buy a liquor store. In May 2006, he and a minority owner of the firm signed agreements to buy the liquor store for \$899,000 and related real estate for \$400,000.

The man sought a principal of a capital investment company to broker a loan for the store's purchase. They discussed obtaining an SBA loan from a bank. The man disclosed to the broker that he could use a straw buyer for the loan. They agreed that they would falsely represent to the bank that another individual would be the owner and operator of the liquor store. At the September 2006 settlement for the sale of the liquor store to the real estate firm, the straw purchaser falsely represented to the bank that he was the president of the real estate investment firm. The funds needed to close the transaction were provided by the Maryland man, and not the straw purchaser. The bank funded a loan of \$950,000.

After the closing, the Maryland man operated the liquor store. In January 2007, he sold a 50 percent stake in the store to another individual for \$380,000 and claimed that he owned 100 percent.

In 2007, he stopped making loan payments to the bank, and the loan went into default.

SBA Needs to Improve Its Oversight of Lender Service Providers

In a recent audit report, we found that SBA does not have adequate oversight of its lender service providers (LSPs). LSPs are deeply involved in all phases of the loan life cycle, including originating, closing, servicing, and liquidating SBA business loans. Since the number of LSPs and their agreements with lenders have significantly increased in recent years, SBA will need to improve its internal controls to ensure LSPs' performance and conduct complies with SBA's requirements. We determined that SBA had not established a method to track LSP portfolio activities, and therefore could not adequately assess potential risks associated with LSP involvement in SBA loan programs. In addition, SBA did not adequately investigate a number of potential violations of SBA policy by lenders and LSPs, such as a lack of approved agreements. OIG recommended two actions that will help strengthen SBA's oversight of LSPs and their relationships with SBA lenders. The Agency agreed, and has already taken some steps to improve its oversight. ([Audit Report 15-06](#))

OIG's High Risk 7(a) Loan Review Program Recommends \$1.8 Million in Recoveries

OIG's High Risk 7(a) Loan Review Program evaluates lender compliance with SBA's requirements on 7(a) loans approved for \$500,000 or more that defaulted within the first 18 months of initial disbursement. Our review of seven early-defaulted loans identified material lender origination and closing deficiencies that justified denial of the guaranty for three loans totaling \$1.8 million. To help SBA timely review and recover these pay-

ments, we issued three notices of finding and recommendation (NFR) that included detailed descriptions of the identified material deficiencies.

Two of the three loans with material deficiencies financed change of ownership transactions. We have previously identified change of ownership transactions as high-risk. We also identified material lender underwriting deficiencies (i.e. repayment ability) in all three loans. In a previous audit, we determined that SBA's limited reviews of lender underwriting resulted in improper payments. One of these loans was reviewed by both the National Guaranty Purchase Center quality control team during the purchase review process and through SBA's FY 2014 review of improper payments; however, neither method identified the material deficiencies with the loan or associated improper payments. OIG recommended that SBA require the lenders to bring the three loans into compliance and, if not possible, seek recovery of approximately \$1.8 million from the lenders. The Agency agreed and is in the process of implementing these recommendations. ([Evaluation Report 15-09](#))

Disaster Loan Program

The Disaster Loan Program plays a vital role in the aftermath of disasters by providing long-term, low-interest loans to affected homeowners, renters, businesses of all sizes, and non-profit organizations. SBA's disaster financial assistance portfolio is almost \$6.8 billion.

There are two primary types of disaster loans: (1) physical disaster loans for permanent rebuilding and replacement of uninsured disaster-damaged privately-owned real and/or personal property, and (2) economic injury disaster loans to provide necessary working capital to small businesses until normal operations resume after a disaster. As part of a massive aid effort from Federal agencies, SBA approves billions of dollars in disaster assistance loans.

More Hurricane Sandy Fraud Uncovered

In response to Hurricane Sandy in 2012, SBA approved \$2.4 billion in disaster loans to homeowners, renters, and businesses and disbursed \$872 million. Unfortunately, as with any disaster, the need to disburse such loans quickly may have created opportunities for dishonest applicants to commit fraud. As part of a multi-agency effort, thus far, 16 individuals have been indicted, with 6 of them sentenced to pre-trial diversion. The individuals have been ordered to pay over \$185,000 in restitution, with nearly \$117,000 in additional restitution prepaid before sentencing. The following investigations illustrate the types of crimes associated with the hurricane and were 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.

- ◆ 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 SBA home disaster loan application.

- ◆ A New Jersey woman entered pretrial intervention after being charged with theft by deception for filing false applications to collect Federal relief funds. 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 also received \$40,000 from an SBA disaster home loan for her residential property.
- ◆ A New Jersey woman was charged by a complaint-summons with theft by deception and unsworn falsification. She allegedly received \$12,270 by filing fraudulent applications for a FEMA grant and for state grants under the Homeowner Resettlement Program (RSP) and Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program, which are fund-

ed by HUD and administered by the New Jersey State DCA. She received \$2,270 in FEMA rental assistance and a \$10,000 RSP grant. The woman claimed that a storm-damaged home she owned in one New Jersey city was her primary residence. However, her actual primary residence allegedly is a home that she owns with a relative in another city. Her application for an SBA disaster home loan was declined in 2013.

- ◆ A New Jersey man was charged by a complaint-summons with theft by deception and unsworn falsification. He had filed an application for FEMA rental assistance, claiming that he was paying \$1,415 in monthly rent for an apartment after being displaced from his home following Hurricane Sandy. However, the owner of the apartment allegedly allowed him and his wife to stay rent-free. The man also allegedly submitted fraudulent documents indicating that he paid monthly rent of \$1,415. As a result of the alleged fraud, he received \$11,320 in Federal rental assistance. He also had applied for an SBA disaster home loan, which was declined in 2013.
- ◆ A New Jersey man pled guilty to theft by deception based on previous charges for filing false applications to collect Federal relief funds after Hurricane Sandy. He also prepaid \$116,900 in full restitution, of which \$31,900 was paid to FEMA and \$85,000 to the State of New Jersey. The man had received \$31,900 in FEMA grants, a \$10,000 RSP grant, and a \$75,000 RREM grant. The man had claimed that his primary residence was damaged by the hurricane. However, that house allegedly is a vacation property, and his primary residence is elsewhere. He had applied for an SBA disaster home loan and was declined in 2013 because he indicated that the property was not his primary residence.
- ◆ The New Jersey Office of the Attorney General filed two separate complaints against a homeowner couple who allegedly submitted false applications to collect Federal relief funds. The man, a Florida resident, was charged by a complaint-summons with theft by deception, and his wife, also a Florida resident, was charged by a complaint-summons with theft by deception and unsworn falsification. They allegedly received \$91,900 by filing fraudulent applications. Specifically, they received \$31,900 in FEMA grants and a \$10,000 RSP grant. Moreover, they were approved for a \$129,600 SBA disaster home loan, from which they received \$50,000 in proceeds. The couple had claimed that their primary residence in New Jersey was damaged by the hurricane. That house allegedly is a vacation property, and the primary residence is actually in Florida.

Texas Man Indicted for Alleged Role in Hurricane Ike Fraud Scheme

A Texas man was indicted for allegedly participating in a fraud scheme in connection with a major disaster, making a false statement, and making false representations in connection with a major disaster. He had been the president of a registered Texas non-profit corporation and also served as the president or director of several other such corporations. The man allegedly falsified documents to SBA in order to receive over \$1.3 million in Hurricane Ike disaster relief funds on behalf of the non-profit corporation from approximately September 2008 to December 2010. Even though SBA disbursed these funds repairing or replacing real estate, inventory, supplies, machinery, and equipment damaged during the disaster, he allegedly used a significant portion of the proceeds for his personal use. This is a joint investigation with the FBI.

Texas Man Fraudulently Received \$1.9 million in SBA Loans for Hurricane Humberto and Ike

A Texas man was sentenced to 5 years of probation and restitution of \$500,000. He had previously pled guilty to conspiracy to defraud SBA of disaster loan funds. The court cited his serious health issues in following the Government's recommendation for probation. He had owned a bowling alley and had been approved for two disaster loans totaling nearly \$1.9 million: one for damages allegedly caused by Hurricane Humberto (\$998,500), and the other for Hurricane Ike damages (\$885,600).

His former business partner provided information to investigators alleging that the man had committed SBA loan fraud. The former partner stated that after the hurricane, the defendant had received an SBA loan of approximately \$1 million to make repairs to the bowling alley. According to the former partner, the man hired him to make repairs on the building, with the two of them agreeing to submit inflated repair cost invoices to SBA. The defendant would write checks for the repair costs indicated on the invoices to the partner. After the partner cashed the checks, he would then give the inflated cash difference back to the man. To conceal the true identity of where the funds were derived, the two men devised contracts in which the partner would act as the defendant's consultant in order to receive consulting fees. They also entered into a bingo lease agreement which indicated the partner would lease the bingo hall portion of the bowling center. These arrangements were made so that the partner could receive monies for consulting fees and purported payments for repairs, while being able to return the monies as lease payments. Investigators' review of bank records confirmed this activity.

The partner also noted that he asked the owner of a subcontractor he utilized for repairs to inflate his

price because that was what the defendant wanted. According to the partner, this owner was aware of fraudulent claims to SBA, an assertion that was later verified. The owner stated that many of the repairs were not done as reflected on the invoices and that he did not receive the amounts indicated on several of the invoices. Moreover, he stated that he prepared the invoices on the bowling alley's computer and was instructed by the other two men as to the amounts to place on the invoices. He was also told to indicate that the invoices had been paid so that the defendant would receive his money from SBA. This investigation was conducted jointly with the FBI.

SBA's Evaluation of Principal's Repayment Ability for Hurricane Sandy Business Loans

Our Hurricane Sandy business loan audit focused on the principal's contribution to the loan repayment ability. We found that loan officers did not have guidance for performing the financial analysis to determine whether Hurricane Sandy business loan applicants had repayment ability. Even though SBA's Standard Operating Procedures (SOP) state that the repayment ability needs to be based on "the results of the financial analysis performed on the business," the SOP provided no additional guidance regarding how to perform the financial analysis. Because there was no guidance, loan officers used inconsistent methodologies when evaluating Hurricane Sandy business loans for repayment ability. We estimate that SBA approved at least 537 Hurricane Sandy disaster business loans, totaling at least \$17.9 million, without sufficiently considering principals' living expenses when determining repayment ability. Therefore, we believe that for these loans, SBA did not have reasonable assurance that the borrowers had repayment ability, and these loans are at a higher risk of default.

OIG recommended that SBA establish and implement clear, written policies and procedures for analyzing the repayment ability of disaster business loan applicants, including business loan principals and guarantors. Additionally, SBA should ensure that these procedures are reviewed and officially approved. The Agency agreed and is in the process of implementing this recommendation. However, management did not agree with our projection that borrowers of at least \$17.9 million in Hurricane Sandy disaster business loans did not have repayment ability. ([Audit Report 15-05](#))

Procurement Assistance

Small Business Development & Contracting Programs

Each year, the Federal Government spends hundreds of billions of dollars to procure goods and services. SBA works to maximize opportunities for small business firms, including firms owned and controlled by women or service-disabled veterans, and small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones). Through SBA Government contracting programs, these small businesses have a better opportunity to obtain Federal contract awards. Working together, SBA establishes annual small business goals with participating Federal agencies for contracting with these small businesses. The current overall Federal Government-wide goal is for small businesses to receive 23 percent of the total value of prime contracts awarded each fiscal year. This includes the specific goals of:

- ◆ 5 percent of the total value of prime and sub-contract awards to woman-owned small businesses (WOSBs),
- ◆ 3 percent of the total value of prime and sub-contract awards to service-disabled veteran-owned small businesses (SDVOSBs),
- ◆ 5 percent of the total value of prime and sub-contract awards to small disadvantaged businesses, and
- ◆ 3 percent of the total value of prime and sub-contract awards to HUBZone firms.

In order to accomplish this goal, SBA has specific programs including, among others, the Section 8(a) Business Development Program and the HUBZone Empowerment Contracting Program. The HUBZone Program helps small businesses that are located in economically challenged areas, or HUBZones, to stimulate their local economies. Similarly, to help small, disadvantaged businesses gain access to Federal and private procurement markets, SBA's Section 8(a) Business Development Program offers a broad range of business development support, such as mentoring, procurement assistance, business counseling, training, financial

assistance, surety bonding, and other management and technical assistance. SBA's programs also reach out to benefit SDVOSBs and WOSBs.

Additionally, SBA provides assistance to existing and prospective small businesses through a variety of counseling and training services offered by partner organizations. Among these partners are small business development centers (SBDCs), the SCORE Association, and women's business centers (WBCs). Most of these are grant programs that require effective and efficient management, outreach, and service delivery.

Companies Misrepresent Eligibility to Gain Contracting Preferences

To gain preferences in obtaining Federal contracts, some businesses falsify their eligibility for programs offered for SDVOSBs, HUBZones, Section 8(a) business development, WOSBs, and Alaska Native corporations. Unfortunately, investigations by OIG and other Federal agencies have identified schemes in which companies owned or controlled by non-disadvantaged persons falsely claim to be disadvantaged firms or use actual disadvantaged firms as fronts. The following cases illustrate the extent of the problem.

- ◆ A Texas man was indicted for theft of Government money or property and for aggravated identity theft. The indictment also included a notice of intent to seek criminal forfeiture of approximately \$2.7 million. The man allegedly created a company and was bidding on and awarded contracts set aside for SDVOSBs. While he was not a veteran, he had stolen and used the identity of his father, who was a service-disabled veteran and in no way affiliated with the company.

-
- ◆ A major Virginia-based energy company agreed to pay more than \$2.5 million in fines and penalties for conspiring to defraud the Government by illegally obtaining contracts meant for small disadvantaged businesses. A criminal information was filed, and the company has accepted responsibility for knowingly and willfully conspiring to commit major fraud. 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 \$1.56 million and a monetary penalty of over \$1 million. According to court documents, the company conspired with a business that was eligible to receive Federal 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. Thus, the major company was able to capture eight contracts worth over \$17.71 million. 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 the General Services Administration (GSA) OIG.
 - ◆ 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 his previous guilty plea to major fraud against the Government and conspiracy to commit bribery. The executive, other principals of his firm, and a second security firm falsely repre-

mented to the Government 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 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 National Aeronautics and Space Administration (NASA) OIG, Defense Criminal Investigative Service (DCIS), and DHS OIG.

- ◆ A Pennsylvania man was sentenced to 37 months of confinement followed by 3 years of supervised release. He was also ordered to pay \$1.2 million in restitution and a \$7,500 fine. The man and his company previously agreed to a consent judgment in favor of the United States. The \$3.6 million judgment was entered as a result of a False Claims Act complaint against him and his company. The man had previously pled guilty to major fraud against the United States, obstruction of a Federal audit, and making false claims. The plea resulted from an investigation into allegations that he was the actual owner of a small business that purported to be woman-owned, but was actually 85 percent owned and operated by him. He had previously been convicted of a felony and was not eligible to participate in a contracting program. Moreover, the man 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. Finally, he directed two employees of his firm to present false checks to the Defense Contract Audit Agency during a Federal audit. This was a joint investigation with the U.S. Army Criminal Investigation Command, DCIS, and the U.S. Air Force Office of Special Investigations (AFOSI).

-
- ◆ A New Jersey firm agreed to pay \$1.3 million to settle the case against it under the False Claims Act. OIG originally received a referral from the Government Accountability Office (GAO) FraudNet alleging that an extensive number of SDVOSBs were fraudulently certified in order to obtain Government set-aside contracts. The allegations pertaining to the New Jersey firm state that one man, using another man's service-disabled status, established the company for the sole purpose of obtaining set-aside contracts. The second man allegedly had nothing to do with the business other than in name and is a full-time employee of the State of New Jersey's Military and Veterans Services Department.

Maryland Man Guilty of Conspiracy to Commit Wire Fraud

A Maryland man was found guilty of conspiracy to commit wire fraud. He had owned and operated an SBA 8(a) firm and substantially passed through Federal contracts worth several million dollars to another firm. The investigation continues in conjunction with AFOSI, the Department of Interior (DOI) OIG, and the United States Attorney's Office.

Maryland Woman Uses Fraudulently Obtained 8(a) Program Contract Dollars for Personal Use

A Maryland woman was sentenced to 36 months of probation, to include 30 days of community confinement at a mental health treatment center and 16 months of home confinement. She was also ordered to perform 400 hours of community service and to pay \$839,016 in restitution to the IRS. The woman previously pled guilty to conspiracy to defraud the United States after having been indicted for schemes to fraudulently seek Federal contracts under the 8(a) Program.

Her husband had been the president and sole owner of a Maryland corporation. In 1999, he caused a new roofing and construction company to be incorporated in Maryland. Although he installed two individuals to be the nominee owners and officers of the second firm, he exercised complete and undisclosed control over the second firm's business operations. The woman was in charge of the second firm's accounting and acted as the de facto controller for the company. The couple transferred millions of dollars from the second company to bank accounts in their own names, to casinos on their own behalf, to the first firm and another company owned by the husband, and to credit card companies to pay for personal expenses that the couple charged to the second firm's corporate credit cards. These expenses included extensive dental work, veterinary visits for pets, lavish vacations, a cruise, limousine transportation to casinos in Atlantic City, NJ, funeral expenses for a relative, and fencing for their personal residence. She also mischaracterized numerous payments to casinos as subcontractor expenses. Moreover, the woman admitted that she and her husband signed false corporate and personal tax returns for 2005 and 2006. The couple knew that the cost of goods sold and payments to contractors reported on the corporate returns were false because almost all of that money was paid to the couple at casinos. They also knew that the income reported on their personal income taxes omitted hundreds of thousands of dollars that the first firm had paid to them. Consequently, the couple owed additional personal income tax to the IRS totaling \$264,105, and the first firm owed an additional \$574,911 to the IRS for tax years 2005 and 2006. The total tax loss resulting from the conspiracy to defraud the IRS is \$839,016. This case is being jointly investigated with DCIS, GSA OIG, and IRS CI.

Former Army Official Sentenced to 4 Years' Imprisonment for Bribery Scheme

A former U.S. Department of the Army contracting official was sentenced to 4 years in prison for accepting over \$490,000 worth of benefits, including cash payments and vacations, from favored contractors. In return, he helped these businesses obtain millions of dollars in Federal contracts. He previously pled guilty to conspiracy to commit bribery and honest services wire fraud, bribery, and attempting to interfere with and impede tax laws. After his prison term, he will be placed on 3 years of supervised release. He also must pay restitution, including \$250,000 to the Department of Defense and nearly \$125,000 to the IRS. Finally, he must pay a forfeiture money judgment of \$490,262.

The official was among 18 individuals and 1 corporation to plead guilty to Federal charges in an investigation that uncovered the largest domestic bribery and bid-rigging scheme in the history of Federal contracting cases. Participants in the scheme stole over \$30 million in Government money through inflated and fictitious invoices. This was a joint investigation with the FBI, IRS CI, DCIS, Defense Contract Audit Agency, and U.S. Army Criminal Investigation Command. The U.S. Marshals Service provided assistance on the forfeiture matter.

Virginia Man Pleads Guilty to Conspiracy to Commit Wire Fraud

A Virginia man pled guilty to conspiracy to commit wire fraud. A Maryland man who owned and operated an SBA 8(a) firm substantially passed through several million dollars' worth of Federal contracts to the Virginia man's company. The investigation continues in conjunction with AFOSI, DOI OIG, and the U.S. Attorney's Office.

Maryland Company Agrees to Pay \$2.15 Million for \$10 Million Scheme

A Maryland construction company entered into a non-prosecution agreement (NPA) with the United States. It agreed in part to accept responsibility for its conduct, continue its cooperation with the Government's investigation, and pay \$2.15 million 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 an 8(a) contract for the National Institutes of Health (NIH) building. In 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 was worked with the U.S. Attorney's Office for the District of Columbia, the District of Columbia OIG, and the FBI.

Three Companies Reach Settlement for Fraudulent Activity on \$1 Billion Contract

Three related companies collectively entered into a civil settlement with the United States. The companies agreed to pay \$2.5 million to the U.S. Attorney's Office for the District of Columbia. In addition, the U.S. Army Corps of Engineers (USACE) will withhold payments due to the companies totaling \$11.2 million. 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 subcontractors never performed. In 2012, the director of contracts pled 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.

Virginia Firm Agrees to Pay \$540,000 in SDVOSB Settlement

A Virginia company and the U.S. Attorney's Office executed a settlement agreement related to civil claims arising from the firm's representation that it was an SDVOSB. The firm agreed to pay \$540,000 to settle the claims. OIG originally received a complaint alleging that the company was falsely claiming its SDVOSB status. The firm provides management consulting services for program management, administrative support, information tech-

nology, Federal acquisitions, Federal grants, finance, and accounting. It had received an indefinite delivery contract for nearly \$6.4 million from the Department of the Army that was set aside for an SDVOSB. The director had been suspected of misrepresenting the firm's SDVOSB status and receiving set-aside contracts under fraudulent pretenses. The case is a joint investigation with the U.S. Army Criminal Investigation Command.

Texas Man Misrepresented SDVOSB Status to Receive Contract

A Texas man was sentenced to 12 months of confinement and 36 months of supervised release, and was ordered to pay restitution of nearly \$1.5 million for wire fraud. This case was based on a referral from GAO, in which its FraudNet received an anonymous letter alleging that a firm was falsifying documents to establish its status as an SDVOSB and architectural and engineering firm. The company reportedly falsified the credentials of its engineers, the office locations, the number of employees, and its past projects.

The investigation determined that the firm's owner did not have a U.S. Department of Veterans Affairs (VA) disability rating or service-connected disability. Thus, his firm was not a legitimate SDVOSB. Moreover, the firm had submitted architect-engineer qualifications documentation to the VA Contracting Office in San Antonio, TX, which included example projects that the company did not actually work on. At least three of the firm's "key personnel" contained in its documentation had never worked with, or even heard of, the man or his firm. The man confessed to these findings during an OIG interview. The firm was awarded an SDVOSB contract and 10 task orders under that contract.

Former Owner of Virginia Company Pays \$300,000 in Settlement

The former owner of a Virginia security company agreed to pay \$300,000 to settle civil claims arising from a scheme to establish her firm as a front company. The firm obtained more than \$31 million in contract payments intended for 8(a) disadvantaged small businesses. In 2013, she was sentenced to 48 months of incarceration followed by 36 months of supervised release. She was also ordered to pay a \$1 million fine and over \$1.2 million in forfeiture. The owner previously pled guilty to major fraud against the Government. She and the principals of a second firm falsely represented to the Government that her firm was eligible for the 8(a) Program. In fact, her company was operated and controlled by the second firm. This case is being jointly investigated with NASA OIG, DCIS, and DHS OIG.

Florida Company Agrees to Pay \$1.1 Million for Alleged Contract Fraud

A settlement was executed in a civil case between a large Florida building company and the U.S. Attorney's Office in which the company agreed to pay the U.S. Government \$1.1 million. The civil suit was based on an allegation that a firm acted as a "front" for another large company owned by the Florida building company. The "front" firm allegedly obtained Government contracts set aside for SDVOSBs for which it was not eligible. Moreover, the two large companies conducted the majority of the contract work. This investigation was conducted jointly with the Department of Justice and DHS OIG.

Nebraska Man Sentenced to 2 Years of Probation and Forfeiture of \$3.35 Million

A Nebraska man was sentenced in a U.S. District Court in Iowa to 2 years of probation, 180 days in

a residential reentry program (halfway house), and forfeiture of all interest in over \$3.35 million seized by the U.S. Government and determined to be profits from fraud. In addition, his paving corporation was sentenced to 2 years of probation after having previously pled guilty to money laundering. His business partner's contracting firm was sentenced to 2 years of probation. Per a plea agreement, the Government agreed to dismiss all charges against the partner, a service-disabled veteran (SDV) utilized by the Nebraska man to perpetrate the scheme.

The Nebraska man had previously pled guilty to major program fraud, and his corporation had pled guilty to money laundering in furtherance of a contracting fraud scheme. His admissions of guilt followed a guilty plea entered by his business partner's contracting firm to major program fraud and wire fraud. In 2013, a Federal grand jury in Iowa had indicted the two men and their companies in connection with a \$23.5 million SDVOSB fraud scheme.

The investigation showed that, from May 2007 through August 2010, the contracting firm unlawfully received 45 set-aside and sole-source SDVOSB contracts from the VA and the Department of Defense, including contracts involving American Recovery and Reinvestment Act funds. The contracting firm was a pass-through and front company for the Nebraska man's other businesses, such as the paving corporation. His business partner was simply a figurehead used for his SDV status. This was a joint investigation with GSA OIG, VA OIG, FDIC OIG, and DCIS.

President of Colorado Firm Pleads Guilty to Conspiracy

The owner and president of a Colorado firm pled guilty to conspiracy. The plea was based on his previous indictment for making false statements to

SBA, conspiracy, and filing false tax returns. The investigation discovered that he had directed his accountant and the company's controller to conceal millions of dollars in assets, including a condominium in Vail, Colorado. He also diverted millions of dollars in unreported income, mostly through overseas accounts. This action was omitted from SBA annual updates and financial statements. In doing so, he maintained the firm's certification as an 8(a) disadvantaged business. Finally, he concealed the assets and income from the IRS by filing false tax returns. The misrepresentations led to the wrongful award of over \$17 million in 8(a) set-aside contracts to the firm from 2006 to 2010. This is a joint investigation with DCIS, IRS CI, GSA OIG, and U.S. Army Criminal Investigation Command. This matter was referred by GSA OIG.

SBA Suspends Massachusetts HUBZone Firm and Owner

SBA suspended a Massachusetts HUBZone firm and its sole owner, thus prohibiting the company from being awarded any new Government procurements. SBA's decision was based on information OIG had previously provided, which disclosed that the firm operated primarily from its non-HUBZone office location. The suspension barred the company from receiving two GSA indefinite delivery/indefinite quantity (IDIQ) procurements scheduled to be awarded in April 2015. The firm had been expected to win both awards. The first IDIQ procurement had a maximum value of \$20 million and the second had a maximum value of \$15 million. Consequently, the firm's suspension resulted in a cost avoidance of \$35 million. This investigation is being worked jointly with GSA OIG and is based on its referral alleging fraudulent behavior by the company.

Agency Management

OIG is responsible for ensuring that Agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further Agency goals. As part of these efforts, OIG works with the Offices of the Chief Financial Officer (CFO), the Chief Information Officer (CIO), and Management and Administration to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls.

Weaknesses Identified During the FY 2014 Federal Information Security Management Act Review

The Federal Information Security Management Act (FISMA) requires that OIG review SBA's information technology security program. To determine SBA's compliance with FISMA, OIG contracted with an independent public accountant, KPMG, to perform review procedures relating to FISMA. OIG monitored KPMG's work and reported SBA's compliance with FISMA in the Agency FISMA filings in November 2014. We also assessed the Agency's progress in implementing open recommendations and compared our current year assessment with our FY 2013 FISMA evaluation. In addition to 32 open FISMA recommendations, OIG made 6 new recommendations to address FISMA-related vulnerabilities. SBA fully agreed with all six recommendations, and projected they would be implemented by February 2017. ([Evaluation Report 15-07](#))

SBA's FY 2014 Financial Statements Audit Found Four Areas of Concern

OIG contracted again with KPMG to audit SBA's FY 2014 financial statements. In a management letter, KPMG noted four matters involving internal controls and other operational matters: (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. ([Audit Report 15-04](#))

SBA's FY 2014 Special-Purpose Financial Statements Accurately Present the Agency's Financial Position

In another KPMG contracted audit, the independent auditor reviewed SBA's reclassified balance sheet as of September 2014 and 2013, and the reclassified statements, or special-purpose financial statements, which covered net costs and changes in net position for FY 2014. KPMG reported that the statements present SBA's financial position for FY 2013 and 2014 fairly in all material respects, 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. ([Audit Report 15-03](#))

SBA's FY 2014 Financial Statements Show a Significant IT Security Deficiency

Independent auditor KPMG also reviewed SBA's consolidated financial statements for FY 2014, fulfilling 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 GAO's financial audit manual and Federal information system controls audit manual.

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. ([Audit Report 15-02](#))

ber 1, 2014 and March 31, 2015, the Administrator—through her approved designees—fully executed 102 cosponsorship agreements.

SBA Appropriately Handled FY 2014 and 2015 Cash Gifts

OIG determined whether SBA had adequate controls over soliciting, accepting, holding, and using cash gifts. SBA has gift authority under sections 4(g), 8(b)(1)(G), 5(b)(9) and 7(k)(2) of the Small Business Act. Employees may solicit and accept gifts on behalf of SBA after proper approvals, including a conflict of interest determination by SBA’s Office of General Counsel. Section 4(g)(2) of the Small Business Act provides that any cash gift, devise, or bequest accepted by the Administrator shall be held in a separate account and shall be subject to semiannual audits by the Inspector General who shall report his or her findings to Congress. Overall, our evaluation found that SBA complied with the Act regarding the solicitation, acceptance, holding, and utilization of cash gifts. We made no recommendations. ([Evaluation Report 15-08](#))

Cosponsorships and Fee-Based Administration-Sponsored Events

According to Section 4(h) of the Small Business Act, as amended, OIG must semiannually report to Congress how it uses its authority in connection with cosponsorships and fee-based Administration-sponsored events. SBA’s Office of Strategic Alliances provided OIG with information related to cosponsorships, including the names, dates, and locations of the sponsored events and the names of the cosponsors. This information was not verified by OIG. As shown in Appendix IX, between Octo-

Other Significant Activities

Character Screening Reduces Potential Program Fraud

Participants in SBA programs involving business loans, disaster assistance loans, Section 8(a) certifications, surety bond guarantees, small business investment companies (SBICs), and certified development companies (CDCs) must meet Agency character standards. To help ensure that this occurs, OIG's Office of Security Operations utilizes name checks and, where appropriate, fingerprint checks to determine criminal background information. During this reporting period, OIG processed 1,779 external name check requests for these programs.

OIG also refers applicants who appear ineligible because of character issues to program officials for adjudication. The referrals are based on data from OIG's on-line connection with the FBI. As a result of OIG referrals during this reporting period, SBA Business Loan Program managers declined 8 applications totaling nearly \$4.5 million, and Disaster Loan Program officials declined 18 applications totaling nearly \$600,000. In addition, the Section 8 (a) Program declined nine applications for admission and the Surety Bond Guaranty Program declined one application for admission.

During this reporting period, OIG also initiated 169 background investigations and issued 11 security clearances for Agency employees and contractors. OIG also adjudicated 48 background investigative reports and coordinated with SBA's Office of Disaster Assistance to adjudicate 31 derogatory background investigation reports. Finally, OIG processed 2,008 internal name check requests for Agency activities such as success stories, Small Business Person of the Year nominees, and disaster assistance new hires.

OIG Promotes Debarment and Other Administrative Enforcement Actions

As a complement to its criminal and civil fraud investigations, SBA OIG continually promotes suspensions, debarments, and other administrative enforcement actions. These actions protect taxpayer funds from parties who have engaged in fraud or have otherwise exhibited a lack of business integrity. OIG regularly identifies individuals and entities for debarment and other enforcement actions, and submits comprehensive referrals that generally include a summary of allegations, suggested administrative records with supporting evidence, and a draft notice to facilitate review by the responsible SBA suspension and debarment official. Most OIG administrative referrals involve abuse of SBA loan and preferential contracting programs. Where appropriate, OIG recommends that SBA suspend the subject of an ongoing OIG investigation given program risk presented by the continued participation of those parties in Government programs.

During this reporting period, OIG sent 33 suspension and debarment referrals to the Agency. OIG investigations resulted in 15 additional suspension or debarment actions at other agencies. (See the Statistical Highlights section of this report for additional suspension and debarment results.)

The following provides examples of OIG referrals for administrative enforcement actions during this reporting period:

Individual Falsely Representing Control of an 8(a) Business Development Program Participant Referred for Debarment after Conviction

SBA admitted a company into the 8(a) Business Development Program in reliance upon several representations of program eligibility. Among other things, an individual, who was a member of

a disadvantaged group eligible for 8(a) Business Development Program participation, falsely claimed responsibility for the day-to-day management and long-term decision making of the company when a non-disadvantaged individual was actually in charge of the day-to-day management and long-term decision making. The parties involved in making or supporting these misrepresentations to SBA were referred for debarment after criminal convictions.

Business Owner and Business Referred for Debarment for Failing to Disclose Lawsuits on Loan Application

OIG referred the owner of a business, the business itself, and several affiliated companies for debarment based on false statements the owner made when applying for a Section 504 loan. SBA Form 1244, the application for a Section 504 loan, requires companies seeking a loan to disclose whether the business, or certain individuals affiliated with the business, are involved in any pending lawsuits. The owner referred for debarment falsely certified no lawsuits were pending when, in fact, the owner was a defendant in three suits, and a plaintiff in a fourth. Documents from the court files of cases involving the business owner as a defendant indicate the owner received service of process in each of those three suits, and was engaged in defending against those actions. Further, the business owner submitted a notarized affidavit in connection with the suit in which the owner was a plaintiff.

Business Owner and Business Referred for Debarment for Falsely Certifying WOSB Program Eligibility after SBA Review Found Otherwise

SBA found a business ineligible for participation in the WOSB Program after reviewing the company. The decision letter explicitly instructed the business to remove its WOSB designation from the

System for Award Management (SAM) within 5 days, and further, warned the business that failure to change its WOSB status would result in an Inspector General referral. Notwithstanding this warning, the company continued to represent itself in SAM as a WOSB. The business also made an affirmative certification of program eligibility in a Federal Acquisition Regulation report. SBA had not recertified the company as a WOSB prior to these representations. The business owner was the individual who both received SBA's decision letter and made the program eligibility representations at issue.

Debarment Referral of Businesses and Owner Following Conviction for Failing to Disclose Delinquent Debt in Loan Applications

An OIG investigation supported the conviction of a business owner who failed to disclose the existence and delinquency of debt when applying for two loans under the 7(a) Loan Program, and one loan under the 504 Loan Program. SBA had to pay for losses on all three loans. After the conviction, OIG referred the owner and companies for debarment. OIG previously referred these parties for suspension while the criminal case was ongoing.

OIG Continues Leadership Role in CIGIE Project to Promote Use of the Program Fraud Civil Remedies Act

OIG continues to head a project that Council of Inspectors General on Integrity and Efficiency (CIGIE) established in November 2012 to promote Government-wide use of the Program Fraud Civil Remedies Act (PFCRA). The PFCRA allows agencies to seek double damages for false claims of up to \$150,000 administratively rather than initiating a case in Federal court. A 2012 GAO report based upon a survey of OIGs found that many Federal

agencies were making limited or no use of the PFCRA. As previously reported, OIG hosted a PFCRA Working Group with representatives from multiple OIGs to examine the issue and develop solutions to expand use of the statute.

During this reporting period, SBA OIG representatives, along with other members of the working group, delivered a half-day workshop on making PFCRA referrals. Approximately 110 Federal employees attended the workshop, representing 44 different agency components and Inspectors General. Attendees were a mix of Inspector General attorneys, agency attorneys, criminal investigators, and auditors. This training emphasizes the practical aspects of creating a PFCRA and walked participants through the creation of the referral documents necessary for a PFCRA case.

OIG Reviews of Proposed Agency Regulations, Operating Procedures, and Other Initiatives Lead to Improved Program Controls to Reduce Fraud, Waste, Abuse, and Inefficiencies

As part of OIG's proactive efforts to promote accountability and integrity and reduce inefficiencies in SBA programs and operations, OIG reviews changes that SBA proposes to make to its program directives such as regulations, internal operating procedures, agency policy notices, and SBA forms that are completed by the public. OIG often identifies material weaknesses in the proposals and works with the Agency to implement recommended revisions to promote more effective controls and deter waste, fraud, or abuse. During the reporting period, OIG reviewed 66 proposed revisions of these program directives and submitted comments designed to improve 36 of these initiatives.

For example, during this reporting period, OIG commented on disaster loan procedures, the WOSB Program, the subcontracting program, and a workplace conflict resolution center. These comments drew upon OIG's audit and investigatory experience with SBA and its programs. Changes implemented based on OIG comments will enhance the Agency's program and operations integrity and efficiency.

2004 Legislation Requires SBA Regulations and OIG Approval of SBDC Surveys

In December 2004, Congress amended section 21(a)(7) of the Small Business Act (15 U.S.C. 648(a)(7)) to restrict disclosing information regarding individuals or small businesses that have received assistance from an SBDC and to limit the Agency's use of such information. The provision also required SBA to issue regulations regarding disclosures of such information for use in conducting financial audits or SBDC client surveys. In 2009, the Agency represented to OIG that it would issue regulations as required by the statute. In April of 2014, SBA sent the proposed regulations for publication in the Federal Register for public comment.

In addition, section 21(a)(7) of the Small Business Act states that, until these SBDC information disclosure regulations are issued, the Inspector General shall approve any SBDC client survey and the use of such information, and shall include such approval in OIG's Semiannual Report to Congress. According to a report from the Agency, SBA did not submit any surveys of SBDC clients for review during the first half of FY 2015.

OIG Hotline

OIG's Hotline reviews allegations of waste, fraud, abuse, or serious mismanagement within SBA or its programs from employees, contractors, and the public. During the first half of FY 2015, the Hotline received 278 complaints requiring additional analysis or referral, and closed 174 complaints. A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations with Investigations, OIG Counsel, Auditing, and SBA program offices. Outcomes of investigations initiated as a result of Hotline complaints are monitored by Hotline staff.

Of the 174 complaints closed this period, 53 (31 percent) were referred within OIG (Investigations, Audit Counsel), 49 (28 percent) were referred to SBA program offices, and 4 (2 percent) were referred to outside Agencies. The remaining complaints, 68 (39 percent), were resolved by the Hotline or did not require referral.

Whistleblower Ombudsman

Federal law prohibits Government personnel from retaliating against an employee who acts as a whistleblower by reporting suspected waste, fraud, or abuse to OIG. In addition, the National Defense Authorization Act of 2013 extends whistleblower protections to Government contractors, subcontractors and grantees. Protected whistleblowing is defined as disclosing information which the discloser reasonably believes evidences:

- ◆ gross mismanagement,
- ◆ gross waste of funds,
- ◆ an abuse of authority,
- ◆ a substantial and specific danger to public health or safety, or

- ◆ a violation of law, rule, or regulation.

In accordance with the Administration's second Open Government National Action Plan, the whistleblower ombudsman coordinated a strategy to meet the requirements of the Office of Special Counsel 2302(c) Certification Program and submitted the request for certification during this reporting period. Requirements included placing information posters at Agency facilities, providing information about the Whistleblower Protection Act (WPA) and the Whistleblower Protection Enhancement Act (WPEA) to new employees as part of the orientation process, providing information to current employees and training supervisors on the WPA/WPEA, and displaying a link to the Office of Special Counsel's website on the Agency's website or intranet.

Comprehensive information on whistleblower protection may be found on OIG's website at <http://www.sba.gov/office-of-inspector-general/23914>. The whistleblower ombudsman may be contacted at OIGOmbudsman@sba.gov.

Statistical Highlights

October 1, 2014–March 31, 2015

Summary of Office-Wide Dollar Accomplishments

As a Result of Investigations & Related Activities	
Potential Investigative Recoveries & Fines	\$30,370,237
Asset Forfeitures Attributed to OIG Investigations	\$3,352,510
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$37,700,000
Loans Not Made as a Result of Name Checks	\$5,082,899
Investigations Sub-Total	\$76,505,646
As a Result of Audit Activities	
Disallowed Costs Agreed to by Management	\$1,785,784
Recommendations that Funds Be Put to Better Use Agreed to by Management	\$0
Audit Sub-Total	\$1,785,784
TOTAL	\$78,291,430

Efficiency and Effectiveness Activities Related to Audit, Other Reports,

Reports Issued	9
Recommendations Issued	40
Dollar Value of Costs Questioned	\$1,785,784
Dollar Value of Recommendations that Funds be Put to Better Use	0
Recommendations for which Management Decisions Were Made	36
Recommendations Without a Management Decision	24
Collections as a Result of Questioned Costs	\$1,019,725

Indictments, Convictions, Case Actions

Indictments from OIG Cases	27
Convictions from OIG Cases	30
Cases Opened	28
Cases Closed	36

SBA Personnel Actions Taken as a Result of Investigation

Dismissals	0
Resignations/Retirements	0
Suspensions	0
Reprimands	0
Other	0

Hotline Complaints Received and Related Referral Actions

Within OIG (Investigations, Audit, Counsel)	53
Program Offices	49
Other Agencies	4
Other*	68
TOTAL	174

* "Other" refers to complaints resolved by Hotline staff in which no action was taken or no referral was required.

Program Actions Taken During the Reporting Period as a Result of Investigations

Suspensions and/or Debarments Recommended to the Agency	33
Pending at the Agency as of September 30, 2014	58*†
Suspensions Issued by the Agency	2†
Proposed Debarments Issued by the Agency	3†
Final Debarments Issued by the Agency	7†
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Suspension and Debarment Actions by Other Agencies	15

*18 of these referrals went to SBA within 30 days of the close of this reporting period. SBA has initiated proceedings for at least 17 of the 58 referrals.

†These numbers are based on SBA actions reported to OIG. SBA did not, however, confirm the current state of several referrals in response to OIG queries. We have, therefore, published the numbers in this table based on the best information available, but caution the reader that the Agency may have made more progress than indicated.

Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	66
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	36

Appendix I: OIG Reports Issued

October 1, 2014-March 31, 2015

Small Business Access to Capital

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
The OIG High Risk 7(a) Loan Review Program Recommends \$1.8 Million in Recoveries	15-09	3/20/2015	\$1,785,784	\$0
Improvement is Needed in SBA's Oversight of Lender Service Providers	15-06	3/12/2015	\$0	\$0
Program Subtotal	2		\$1,785,784	\$0

Disaster Loans

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Evaluation of Principal's Repayment Ability for Hurricane Sandy Business Loans	15-05	2/24/2015	\$0	\$0
Program Subtotal	1		\$0	\$0

Agency Management

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's 2014 and 2015 Cash Gifts	15-08	3/18/2015	\$0	\$0
Weaknesses Identified During the FY 2014 Federal Information Security Management Act Review	15-07	3/13/2015	\$0	\$0
Management Letter - SBA's FY 2014 Financial Statements Audit	15-04	12/15/2014	\$0	\$0
Independent Auditors' Report on SBA's FY 2014 Special-Purpose Financial Statements	15-03	11/18/2014	\$0	\$0
Independent Auditors' Report on SBA's FY 2014 Financial Statements	15-02	11/17/2014	\$0	\$0
Program Subtotal	5		\$0	\$0

Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration In Fiscal Year 2015	15-01	10/17/2014	\$0	\$0
Program Subtotal	1		\$0	\$0

Total of All Programs	9		\$1,785,784	\$0
------------------------------	----------	--	--------------------	------------

Appendix II: OIG Reports

With Questioned Costs

	Reports	Recommendations*	Questioned Costs**	Unsupported Costs***
A. No management decision made by September 30, 2014	2	2	\$1,660,844	\$1,660,844
B. Issued during this reporting period	1	3	\$1,785,784	\$1,785,784
SUBTOTAL (Universe from which management decisions could be made in this reporting period)	3	5	\$3,446,628	\$3,446,628
C. Management decision(s) made during this reporting period	2	4	\$2,500,228	\$2,500,228
(i) Disallowed costs	1	3	\$1,785,784	\$1,785,784
(ii) Costs not disallowed	1	1	\$714,444	\$714,444
D. No management decision made by March 31, 2015	1	1	\$ 946,400	\$946,400

* Reports may have more than one recommendation.

** Questioned costs are those that are found to be improper.

*** Unsupported costs may be proper, but lack documentation. Unsupported costs are a subset of questioned costs.

Appendix III: OIG Reports

With Recommendations that Funds Be Put to Better Use

	Reports	Recommendations*	Recommended Funds For Better Use
A. No management decision made by September 30, 2014	0	0	0
B. Issued during this reporting period	0	0	0
SUBTOTAL (Universe from which management decisions could be made in this reporting period)	0	0	0
C. Management decision(s) made during this reporting period	0	0	0
(i) Recommendations agreed to by SBA management	0	0	0
(ii) Recommendations not agreed to by SBA management	0	0	\$0
D. No management decision made by March 31, 2015	0	0	\$0

* Reports may have more than one recommendation.

Appendix IV: OIG Reports

With Non-Monetary Recommendations

	Reports	Recommendations
A. No management decision made by September 30, 2014*	8	18**
B. Issued during this reporting period	5	37
SUBTOTAL (Universe from which management decisions could be made in this reporting period)	13	55
C. Management decision(s) made (for at least one recommendation in the report) during this reporting period	7	32
D. No management decision made by March 31, 2015*	10	23

* Adding the number of reports for C. & D. will not result in the subtotal of A. & B. because any single report may have recommendations that fall under both C. & D.

** Information is different from what was previously reported due to database corrections.

Appendix V: OIG Reports

From Prior Periods with Overdue* Management Decisions

Report Number	Title	Date Issued	Status
12-04	Small Business Administration's Rationale for Excluding Certain Types of Contracts from the Annual Small Business Procurement Calculations Needs to be Documented	12/6/2011	Management has not responded to five recommendations in the report.
13-08	The SBA Mismanaged Certain 8(a) Information Technology Contracts	12/3/2012	Management has not responded to one recommendation in the report.
13-12	The SBA Used Inappropriate Contracting Practices to reconfigure Space for the Office of International Trade	3/26/2013	Management has not responded to one recommendation in the report.
13-14	The SBA's 417 Unauthorized Commitments Impacted Mission-Related Services and Increased Costs	3/28/13	Management has not responded to two recommendations in the report.
13-21	SBA Enterprise-wide Controls Over Co-sponsored Activities	9/26/2013	Management has not responded to two recommendations in the report.
13-22	Improved Examination Quality Can Strengthen SBA's Oversight of Small Business Investment Companies	9/30/2013	Management has not responded to one recommendation in the report.
14-14	Improving the Accuracy of Performance Reporting to Better Manage Disaster Loan Processing Time Expectations	6/30/2014	Management has not responded to two recommendations in the report.
14-20	Controls Governing Economic Injury Disaster Loan Approval Need Improvement	9/29/2014	Management has not responded to one recommendation in the report.

* Overdue as of October 1, 2014. "Overdue" is defined as more than 180 days from the date of issuance.

Appendix VI: OIG Reports

Without Final Action as of March 31, 2015

Report Number	Title	Date Issued	Date of Management Decision	Final Action Target Date
11-06	Weaknesses Identified During the FY 2010 FISMA Review	1/28/2011	3/28/2011	9/30/2011
11-07	Processing of Insurance Recovery Checks at the Disaster Loan Servicing Centers	2/10/2011	4/7/2011	4/15/2015
11-10	Management Advisory Report on Records Management and Documentation Process at the Disaster Loan Servicing Centers	3/29/2011	6/20/2011	4/15/2015
11-14	SBA's Funding of Information Technology Contracts Awarded to ISIKA Technologies, Inc.	6/2/2011	8/1/2011	12/31/2011
12-02	Independent Auditors' Report on the SBA's FY 2011 Financial Statements	11/14/2011	12/22/2011	**
12-14	The Small Business Administration did not Maximize Recovery for \$171.1 Million in Delinquent Disaster Loans In Liquidation	7/2/2012	*	**
12-15	Weaknesses Identified During the FY 2011 Federal Information Security Management Act Review	7/16/2012	8/16/2012	**
12-22	The SBA's Ratification Process Could Lead to Possible Anti-Deficiency Act Violations	9/28/2012	10/12/2012	3/31/2013
13-03	Benefits of Mentor Protégé Joint Ventures are Unknown: Robust Oversight is Needed to Avoid Abuse and Assure Success	10/23/2012	1/24/2013	9/30/2013
13-04	Independent Auditor's Report on the SBA's FY 2012 Financial Statements	11/14/2012	*	**
13-07	The Small Business Administration's Improper Payment Rate for 7(a) Guaranty Purchases Remains Significantly Underestimated	11/15/2012	11/4/2013	10/15/2014
13-08	The SBA Mismanaged Certain 8(a) Information Technology Contracts	12/3/2012	*	**
13-11	The SBA's Loan Management and Accounting System Incremental Improvement Projects	3/12/2013	*	**

* Management decision dates vary with different recommendations.

**Target dates vary with different recommendations.

Report Number	Title	Date Issued	Date of Management Decision	Final Action Target Date
13-16R	Purchase Reviews Allowed \$4.6 Million in Improper Payments on 7(a) Recovery Act Loans	6/14/2013	3/28/2014	**
13-17	The SBA's Portfolio Risk-Management Program Can be Strengthened	7/2/2013	9/30/2013	**
13-18	The SBA Did Not Effectively Manage Defaulted Disaster Loans to Maximize Recovery from 2006 to 2011	9/27/2013	3/31/2014	**
13-21	SBA's Enterprise-wide Controls Over Cosponsored Activities	9/26/2013	*	**
13-22	Improved Examination Quality Can Strengthen SBA's Oversight of Small Business Investment Companies	9/30/2013	1/3/2014	**
14-03	Opportunities Exist to Further Improve Quality and Timeliness of HUBZone Certifications	11/19/2013	11/14/2013	**
14-04	Audit of SBA's FY 2013 Financial Statements dated 11/16/13	12/16/2013	*	**
14-07	Management Letter-SBA's FY 2013 Financial Statement Audit	1/15/2014	*	**
14-08	Improvement is Needed to Ensure Effective Quality Control at Loan Operation Centers	1/17/2014	*	**
14-09	Purchase Reviews Allowed \$3.1 Million in Improper Payments on 7(a) Recovery Act Loans	1/29/2014	1/23/2014	4/30/2015
14-10	The SBA Did Not Follow Regulations and Guidance in the Acquisition of the OneTrack System	2/12/2014	*	**
14-12	Weaknesses Identified During the FY 2013 Federal Information Security Management Act Review	4/30/2014	4/30/2014	**
14-13	Significant Opportunities Exist to Improve the Management of the 7(a) Loan Guaranty Approval Process	6/6/2014	*	**

* Management decision dates vary with different recommendations.

**Target dates vary with different recommendations.

Report Number	Title	Date Issued	Date of Management Decision	Final Action Target Date
14-14	Improving Accuracy of Performance Reporting to Better Manage Disaster Loan Processing Time Expectations	6/30/2014	7/10/2014	12/31/2014
14-15	Opportunities Exist for the SBA to Improve the Monitoring of Non-Manufacturer Rule Waivers and Determine the Impact on Small Businesses	8/14/2014	8/11/2014	11/30/2014
14-17	Evaluation of SBA's 2013 and 2014 Cash Gifts	8/27/2014	8/27/2014	2/27/2015
14-18	Agencies are Overstating Small Disadvantaged Business and HUBZone Goaling Credit by Including Contracts Performed by Ineligible Firms	9/24/2014	9/10/2014	3/31/2015
14-19	Improvements Needed in SBA's Oversight of the Financial Management of the District of Columbia Small Business Development Center	9/29/2014	9/29/2014	**
14-20	Controls Governing Economic Injury Disaster Loan Approval Need Improvement	9/29/2014	9/23/2014	3/31/2015
14-21	Review of the LMAS Incremental Improvement Projects	9/30/2014	9/25/2014	**
4-34	Audit of SBA's Process for Complying with the Federal Managers' Financial Integrity Act Reporting Requirements	7/29/2004	9/9/2004	6/30/2013
8-12	Oversight of SBA Supervised Lenders	5/9/2008	6/20/2008	12/31/2014
9-05	Audit of SBA's FY 2008 Financial Statements - Management Letter	12/17/2008	2/18/2009	4/15/2015
ROM 11-04	Quality of SBA's Recovery Act Data on Public Websites	3/22/2011	10/6/2011	**

* Management decision dates vary with different recommendations.

**Target dates vary with different recommendations.

Appendix VII: Significant Recommendations

From Prior Reporting Periods Without Final Action as of March 31, 2015

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
ROM 11-04	3/22/2011	We recommend the Chief Financial Officer research the \$21,627,140 in Appendix I to determine whether the award has been made or the funds should be deobligated. This research should result in these actions being posted to FPDS.gov.	10/6/2011	6/30/2012
ROM 11-04	3/22/2011	We recommend the Chief Financial Officer deploy an independent statistical verification and validation of all SBA transactions awarded and subsequently reported to FPDS.gov.	10/6/2011	6/30/2012
ROM 11-04	3/22/2011	We recommend the Chief Financial Officer research the \$695,157 in Appendix II to determine the disposition of these awards and whether Recovery Act obligations were actually used to fund the awards. If not, these awards need to be corrected in PRISM, FPDS.gov, and the contract files.	10/6/2011	1/31/2012
ROM 11-04	3/22/2011	We recommend the Chief Financial Officer fully develop and implement a data quality plan that documents processes to ensure timely, accurate, and complete submission of contracts data to USASpending.gov.	10/6/2011	6/30/2012
ROM 11-04	3/22/2011	We recommend the Chief Financial Officer implement continuous monitoring procedures to ensure that contractor-reported information is correct and accurate, and that all prime contractors are accurately reporting the use of subcontractors.	10/6/2011	12/31/2011
11-10	3/29/2011	Develop record designation and retention requirements for all loan servicing documents and coordinate with the Office of Management & Administration to incorporate this guidance into SOP 50 52. The requirements should specify which documents should be designated as records, and therefore retained, and for how long.	6/20/2011	4/15/2015

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
11-14	6/2/2011	We recommend that the CFO establish procedures to discontinue SBA's practice of inappropriately obligating funds on contracts in anticipation of future needs.	8/1/2011	12/31/2011
12-02	11/14/2011	We recommend the CIO coordinate with SBA program offices to enhance security vulnerability management processes. Specifically, SBA should: (a) redistribute procedures and train employees on the process for reviewing and mitigating security vulnerabilities, (b) periodically monitor the existence of unnecessary services and protocols running on their servers and network devices, (c) perform vulnerability assessments with administrative credentials and penetration tests on all SBA offices from a centrally managed location with a standardized reporting mechanism that allows for trending, on a regularly scheduled basis in accordance with NIST guidance, (d) develop a more thorough approach to track and mitigate configuration management vulnerabilities identified during monthly scans, and (e) monitor security vulnerability reports for necessary or required configuration changes to their environment.	12/22/2011	3/31/2012
12-02	11/14/2011	We recommend the CIO coordinate with SBA program offices to ensure that information systems hosted by third parties comply with SBA policy and NIST guidance.	12/22/2011	9/29/2012
12-02	11/14/2011	We recommend the CIO coordinate with SBA program offices to oversee the review and validation of financial system accounts on a quarterly basis.	12/22/2011	4/30/2012

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
12-02	11/14/2011	We recommend the CIO coordinate with SBA program offices to implement a process to monitor the audit logs of all financial applications on a regular basis.	12/22/2011	3/30/2012
12-04	12/6/2011	We recommend that the Associate Administrator, Government Contracting and Business Development revise the Goaling Guidelines for the Small Business Preference Programs to include contracts awarded and/or performed overseas in the small business goaling baseline beginning with FY 2011.	Overdue	No Target Date Established
12-14	7/2/2012	Take the following actions for disaster loans in liquidation status delinquent over 180 days that are secured by collateral, but not specifically exempt from referral to Treasury: <ul style="list-style-type: none"> ◆ Evaluate whether prompt foreclosure is feasible. ◆ Initiate foreclosure proceedings promptly on loan collateral for which the NDLRC has determined that foreclosure is feasible. ◆ Charge off loans for which the NDLRC has determined that foreclosure on the collateral is not feasible and ensure transfer of the debts to Treasury FMS for cross servicing. 	3/31/2014	3/24/2015
12-14	7/2/2012	Immediately charge off all disaster loans in liquidation status delinquent over 180 days and not secured by collateral, or specifically exempt from referral to Treasury.	3/31/2014	3/24/2015
12-15	7/16/2012	Develop an overall strategy to timely implement audit recommendations issued by SBA OIG relating to FISMA security requirements.	8/16/2012	10/30/2012

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
13-03	10/23/2012	To ensure SBA achieves its "Priority Goal" of increasing small business participation in government contracting while ensuring that the benefits of SBA's small business programs flow to the intended recipients, we recommend that the Associate Administrator for Government Contracting and Business Development develop specific measurements (outputs and outcomes) to evaluate benefits of the joint venture agreements to protégé	1/24/2013	9/30/2013
13-04	11/14/2012	We recommend the CIO enforces an organization-wide configuration management process, to include policies and procedures for maintaining documentation that supports testing and approvals of software changes.	3/8/2013	9/30/2014
13-08	12/3/2012	We recommend that SBA's Chief Financial Officer conduct an internal control review of SBA's acquisition function in compliance with OMB Circular A-123 and OMB Memorandum, Conducting Acquisition Assessments under OMB Circular A-123.	12/2/2014	5/31/2015
13-11	3/12/2013	We recommend that SBA adopt a new IIP under LMAS to facilitate the transfer of data and move its new COBOL code to a full production environment.	5/1/2014	2/15/2015
13-11	3/12/2013	We recommend that the Office of the Chief Information Officer implement an Independent Verification and Validation program for the LMAS-IIP that tests and validates that each IIP meets its program and functional requirements.	9/12/2013	9/20/2015
13-12	3/26/2013	We recommend that the Chief Financial Officer direct the CO, for purchase order SBAHQ-11-M-0018, to review all invoices and make a determination of whether all the work that was billed to SBA was actually performed. If not, the CO should take appropriate action.	Overdue	12/30/2013

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
13-16R	6/14/2013	Seek recovery of \$1,425,247 from Compass Bank on the guaranty paid by SBA for loan number 3716355001.	3/28/2014	5/29/2015
13-16R	6/14/2013	Seek recovery of \$669,963 from The Washington Trust Company on the guaranty paid by SBA for loan number 3432725003.	3/28/2014	5/29/2015
13-16R	6/14/2013	Seek recovery of \$967,869 from High Trust Bank on the guaranty paid by SBA for loan number 3470855008.	3/28/2014	3/31/2015
13-16R	6/14/2013	Seek recovery of \$555,368 from Monadnock Community Bank on the guaranty paid by SBA for loan number 3535715003.	3/28/2014	4/30/2015
13-16R	6/14/2013	Seek recovery of \$680,900 from American Bank of Commerce on the guaranty paid by SBA for loan number 3439035000.	3/28/2014	4/30/2015
13-21	9/26/2013	We recommend the Office of Strategic Alliances establish controls, such as a reporting system, to ensure that all activities are timely and properly closed out, and that all required documents and reports, as specified in SOP 90 75 3, are obtained.	1/23/2014	12/12/2014
13-21	9/26/2013	We recommend the Associate Administrator, under the provisions of FMFIA, perform periodic quality service reviews to include cosponsorship files and funds disposition, verifying any expenses paid out of cosponsored income are appropriate.	Overdue	1/0/1900

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
13-18	9/27/2013	<p>We recommend that the Director, Office of Financial Program Operations, mandate that the NDLRC comply with the DCIA by developing and implementing management controls and processes related to debts, to ensure:</p> <p>b. That all debtors associated with charged off legally enforceable debts, required to be transferred to Treasury for cross servicing and offset, are successfully transferred. (Over the next two years: \$2.54 m from transferring non-66 coded loans to cross servicing plus \$2.39 m from transferring debts to offset.)</p>	3/31/2014	3/27/2015
14-03	11/19/2013	Update HUBZone guidance based on the current certification process, which includes the full supporting documentation review. Consider incorporating into the guidance a search of FPDS-NG database to ensure the firm is not receiving contracts with HUBZone status during the HUBZone application review and a method to maintain a complete history of the firm's status in the DSBS.	11/14/2013	9/30/2014
14-03	11/19/2013	Review the certification of the three firms identified by OIG in this report for possible decertification.	11/14/2013	3/31/2014
14-03	11/19/2013	Review the HUBZone certification process and identify a means to meet the deadlines established by regulation, through an improved business process.	11/14/2013	9/30/2014
14-04	12/16/2013	KPMG recommends that the Chief Information Officer coordinates with SBA program offices to review the list of individuals with HQ data center access permissions periodically, to ensure that only authorized personnel retain access to the HQ data center.	5/22/2014	12/31/2014

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-04	12/16/2013	KPMG recommends that the Chief Information Officer coordinates with SBA program offices to address the vulnerabilities noted during the FY 2013 audit, to be in compliance with SBA policy and SBA Vulnerability Assessment Team (VAT) Internal Operating Procedures, Version 1.4. In addition, implement procedures to ensure the consistent identification, tracking, and resolution of security vulnerabilities across SBA's workstations, servers, databases, network devices, and other security relevant appliances.	4/9/2014	6/30/2014
14-04	12/16/2013	KPMG recommends that the Chief Information Officer coordinates with SBA program offices to grant elevated network privileges per business needs only and enforce the concept of least privilege or implement mitigating controls to ensure that activities performed using privileged network accounts (including service accounts) are properly monitored.	5/22/2014	12/31/2014
14-04	12/16/2013	KPMG recommends that the Associate Administrator, Office of Capital Access, in coordination with the Chief Information Officer, designs and implements a combination of preventative and detective controls to address the issues and related risks in the condition above, and ensure an auditable trail of software changes is maintained to prevent and detect unauthorized changes to production programs.	3/28/2014	3/27/2015
14-04	12/16/2013	KPMG recommends that the Chief Financial Officer and the Associate Administrator, Office of Disaster Assistance, implement scans of financial systems in its production environment using privileged access authorization.	1/22/2014	5/1/2014

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-04	12/16/2013	KPMG recommends that the Chief Information Officer coordinates with SBA program offices to address the existing configuration management vulnerabilities noted during our assessment to be in compliance with SBA policy and SBA Vulnerability Assessment Team (VAT) Internal Operating Procedures, Version 1.4. In addition, implement procedures to ensure the consistent implementation and monitoring of SBA approved security configuration baselines across SBA's workstations, servers, databases, network devices, and other security relevant appliances.	5/22/2014	12/31/2014
14-04	12/16/2013	<p>KPMG recommends that the Chief Information Officer coordinates with SBA program offices to improve SBA's administration of logical system access by taking the following actions:</p> <ul style="list-style-type: none"> ◆ Implement an effective off-boarding process and verify periodically that controls to remove logical access for separated employees from SBA systems are implemented and operating as designed; ◆ Establish a process for the identification and removal of separated contractors in order to help ensure that access is timely removed upon contractor separation; and ◆ Remove access to the general support systems and major applications (including development and test environments) timely when terminated employees and contractors are identified. 	4/9/2014	9/30/2014

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-04	12/16/2013	KPMG recommends that the Chief Information Officer coordinates with SBA program offices to enforce a network access security baseline(s) across the network, consistent with SBA security policy, Office of Management and Budget directives, and United States Government Configuration Baseline requirements.	4/9/2014	9/30/2014
14-08	1/17/2014	Ensure the proper allocation of resources and scoping of the quality control program to complete required quality control activities at the loan operation centers.	1/9/2014	1/17/2015
14-09	1/29/2014	#2 - Seek recovery of \$685,691 (less any amounts received from liquidation) from Florida Community Bank (formerly First Peoples Bank) on the guaranty paid by the SBA for loan number 3531455000.	1/23/2014	4/30/2015
14-10	2/12/2014	Conduct a requirements analysis in addition to a cost assessment of the system to determine what still needs to be developed to achieve the objectives of the final system.	1/24/2014	9/30/2014
14-10	2/12/2014	Ensure that only Government employees—not Government contractors—provide oversight of any additional contracts used to develop and implement the OneTrack system.	1/24/2014	4/1/2014
14-10	2/12/2014	Ensure all appropriate provisions (e.g. testing, conversion, and installation procedures) of the SDM guidance are met prior to placing OneTrack into production.	1/23/2014	6/1/2014
14-13	6/6/2014	Develop and issue appropriate guidance that will assist loan specialists with their duties, including loan reviews and screen-outs, to ensure compliance with SBA's regulations and procedures.	5/23/2014	6/1/2015

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-13	6/6/2014	Allocate LGPC resources to ensure risk is mitigated and quality is emphasized in accordance with the LGPC strategic plan.	6/25/2014	1/31/2015
14-14	6/30/2014	Report the processing time for automatically declined applications and pre-loss verification declined applications separately from applications that require more extensive processing, rather than continue averaging these processing times together.	Overdue	12/31/2014
14-14	6/30/2014	Establish and report disaster loan processing time goals based on actual average processing times, net of automatically declined and pre-loss verification declined applications. Additionally, we recommend the established goals also consider the full processing time for all applications with withdrawals that had reacceptances.	Overdue	12/31/2014
14-14	6/30/2014	Establishing processing-time standards for different application volumes based on historical performance and include anticipated processing time standards for a range of possible application volumes in the annual Congressional Budget Justification and Annual Performance Report.	7/10/2014	12/31/2014
14-15	8/14/2014	Complete and publish the SOP for the Non-Manufacturer Rule Waiver Program.	8/11/2014	11/30/2014
14-18	9/24/2014	In coordination with the Office of Federal Procurement Policy and the General Services Administration strengthen controls between SBA's Dynamic Small Business Search Database and the System for Award Management to ensure accuracy of 8(a) and HUBZone certification data in FPDS-NG.	9/10/2014	3/31/2015

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-18	9/24/2014	Modify the Dynamic Small Business Search so that a firm's profile and certification information for HUBZone and 8(a) status remains visible and accurate to agency contracting officers or develop an alternate list to verify a firm's status.	9/10/2014	3/31/2015
14-19	9/29/2014	Update SOPs 60 15 and 60 16 to address subsequent statutory and regulatory changes, and to establish adequate controls to ensure effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.	9/29/2014	3/31/2016
14-19	9/29/2014	Implement controls to ensure Lead Centers use the appropriate indirect cost rate and category when computing indirect costs.	9/29/2014	3/31/2015
14-19	9/29/2014	Implement controls to ensure that Lead Centers exclude excess sub-recipient costs when computing indirect costs.	9/29/2014	9/30/2016
14-19	9/29/2014	Enforce the requirement for the Lead Center to submit variance reports with its final annual performance report.	9/29/2014	3/31/2015
14-19	9/29/2014	Require the Lead Center to submit a revised SF-425 Federal financial report for CY 2012 to correct \$109,472 discrepancy.	9/29/2014	10/31/2014
14-20	9/29/2014	Develop a checklist for key requirements and ensure loan officers complete the checklist prior to approving the loan. Include specific requirements such as whether the applicant sustained an economic injury, and whether all required supporting documentation is included in the electronic loan file. Additionally, develop written requirements for loan officers and supervisory loan officers to verify that all documents required to support a loan decision are included in the electronic loan file prior to recommending approval of the loan.	Overdue	3/31/2015

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
14-20	9/29/2014	Provide additional training to loan officers and supervisory loan officers regarding the SOP requirements for which noncompliance was identified.	9/23/2014	3/31/2015
14-21	9/30/2014	We recommend that the LMAS project manager, in coordination with the Chief Financial Officer, develop and utilize a requirements traceability matrix to document user acceptance of the LMAS IIPs.	9/25/2014	2/1/2015
14-21	9/30/2014	We recommend that BTIC approve all project baselines and re-baselines, and perform project oversight functions as mandated in SOP 90-52.	9/25/2014	12/31/2014
14-21	9/30/2014	We recommend OCIO provide interim reports of IV&V activity to the oversight committees when significant variances to project timelines or other material thresholds warrant disclosure.	9/25/2014	12/31/2014

Appendix VIII: Significant Recommendations

Report Number	Title	Date Issued	Recommendation
15-02	Independent Auditor's Report of SBA's FY 2014 Financial Statements	11/17/2014	KPMG recommends that the Associate Administrator of the Office of Capital Access, in conjunction with the Chief Information Officer, continue to review system protocols to determine if any other coding problems exist that may cause untimely referral of loans, and address outstanding system protocol issues from prior years.
15-02	Independent Auditor's Report of SBA's FY 2014 Financial Statements	11/17/2014	KPMG recommends that the Chief Information Officer coordinate with SBA program offices to address the existing configuration and patch management vulnerabilities noted during our assessment to be in compliance with SBA policy and SBA Vulnerability Assessment Team (VAT) Internal Operating Procedures, Version 1.0. In addition, implement procedures to ensure the consistent implementation and monitoring of SBA approved security configuration baselines across SBA's workstations, servers, databases, network devices, and other security relevant appliances.
15-02	Independent Auditor's Report of SBA's FY 2014 Financial Statements	11/17/2014	KPMG recommends that the Associate Administrator of the Office of Capital Access conduct training to educate loan center staff on the proper steps to refer obligors to the Treasury and correct errors after the initial referral.
15-02	Independent Auditor's Report of SBA's FY 2014 Financial Statements	11/17/2014	KPMG recommends that the Associate Administrator of the Office of Capital Access reinforce the importance of retaining identifying information for all obligors.
15-02	Independent Auditor's Report of SBA's FY 2014 Financial Statements	11/17/2014	<p>KPMG recommends that the Chief Information Officer coordinate with SBA program offices to improve SBA's administration of logical system access by taking the following actions:</p> <ul style="list-style-type: none"> Implement an effective off-boarding process and verify periodically that controls to remove logical access for separated employees from SBA systems are implemented and operating as designed; Establish a process for the identification and removal of separated contractors in order to help ensure that access is timely removed upon contractor separation; and Remove access to the general support systems and major applications (including development and test environments) timely when employees and contractors are terminated.

Report Number	Title	Date Issued	Recommendation
15-05	SBA's Evaluation of Principal's Repayment Ability of Hurricane Sandy Business Loans	2/24/2015	Establish and implement clear, written policies and procedures for analyzing the repayment ability of disaster business loan applicants, including business loan principals and guarantors. Ensure that these procedures, whether included in the SOP or other written guidance, are reviewed and officially approved by Headquarters management responsible for administering the Disaster Loan Program.
15-06	Improvement is Needed in SBA's Oversight of Lender Service Providers	3/12/2015	Develop a method to appropriately identify lender service provider participation within SBA loan programs and their associated loan portfolios to evaluate performance.
15-06	Improvement is Needed in SBA's Oversight of Lender Service Providers	3/12/2015	Establish a formal process and procedures for addressing referrals related to lender service providers.
15-09	The OIG High Risk 7(a) Loan Review Program Recommends \$1.8 Million in Recoveries	3/20/2015	Require Monterey County Bank to bring the loan into compliance, and, if not possible, seek recovery of \$413,704 (less any amounts received from liquidation) from Monterey County Bank on the guaranty paid by SBA for the loan.
15-09	The OIG High Risk 7(a) Loan Review Program Recommends \$1.8 Million in Recoveries	3/20/2015	Require Ridgestone Bank to bring the loan into compliance, and, if not possible, seek recovery of \$900,175 (less any amounts received from liquidation) from Ridgestone Bank on the guaranty paid by SBA for the loan.
15-09	The OIG High Risk 7(a) Loan Review Program Recommends \$1.8 Million in Recoveries	3/20/2015	Require USC Credit Union to bring the loan into compliance and, if not possible, seek recovery of \$471,905 (less any amounts received from liquidation) from USC Credit Union on the guaranty paid by SBA for the loan

Appendix IX: Cosponsored & Other Activities

October 1, 2014-March 31, 2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Youth and Baby Boomer Entrepreneurial Assistance Workshops	New York DO-World Wide Association of Small Churches	Queens, NY, Staten Island, NY, Southern Westchester County, NY	10/7/2014
Government Contracting Opportunities Webinar Series	Santa Ana DO-Bidspeed	World Wide Web	10/16/2014
Starting Your Own Business Workshop	North Dakota DO-Fort Berthold Community College	New Town, ND	10/20/2014
State and Federal MWBE and Contracting Programs	New York DO-New York State Urban Development Corporation dba Empire State Development, Harlem Community Development Corporation	New York, NY	10/22/2014
VetCap	HQ/Office of Veteran Business Development-VetInTech, StreetShares, Inc.	Chevy Chase, MD	10/22/2014
New York District Office Annual Lender Awards for FY 2014	New York DO-New York Business Development Corporation	Jamaica, NY	10/22/2014
Mississippi Meet the Lenders	Mississippi DO-Delta Regional Authority	Vicksburg, MS	10/22/2014
Franchising Focuses on Connecting Veteran-Owned-Small Businesses to Corporate Supply Chain-Learn How Your Small Business Can Service Corporate Supply Chains	HQ/Office of Veteran Business Development-International Franchise Association, Marriott International, Inc.	Washington, DC	10/30/2014
Lender Recognition Awards Breakfast	Utah DO-Mountain West Small Business Finance, Utah Certified Development Company, Salt Lake Community College	Salt Lake City, UT	10/30/2014
Veteran Open House and Veteran Shark Tank Viewing Event	HQ/Office of Veteran Business Development-Dog Tag Bakery, Inc., Blue Start Families	Washington, DC	11/3/2014

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Business Development Workshops	Columbus DO - Ohio University Procurement Technical Assistance Center, Lawrence Economic Development Corporation Procurement Outreach Center aka Southern Ohio Procurement Outreach Center	Columbus, Cincinnati, Athens, South Point, OH	11/5/2014
What Every Small Business Owner Needs to Consider When Securing your Space	HQ/Office of Communications and Public Liaison - Daniel J. Edelman, Inc., on behalf of ADT LLC dba ADT Security Services	World Wide Web	11/13/2014
Capital Matchmaking/ Business Coaching	Springfield BO - Berkshire Chamber of Commerce, Inc., Berkshire Regional Office Massachusetts Small Business Development Center Network	Pittsfield, MA	11/13/2014
Affordable Care Act Education Workshop Series, FY 2015	Wyoming DO - Enroll Wyoming	World Wide Web and On-site Training	11/13/2014
Women's Network for Entrepreneurial Training (WNET) Business Roundtables	Wyoming DO - First Interstate Bank	Casper, WY	11/21/2014
International/ Southern California Procurement Summit	Santa Ana DO - Riverside County Economic Development Agency Office of Foreign Trade	Riverside, CA	11/21/2014
Ready to Scale Educational Event Series	Washington DC DO - Aronson LLC	Rockville, MD	11/21/2014
Affordable Care Act Weekly Webinar Series	HQ/Office of Communications and Public Liaison-Small Business Majority	World Wide Web	12/3/2014
Finding New International Customers Workshop	West Virginia DO - Commercial Service U.S. Export Assistance Center of West Virginia, West Virginia Development Office International Division, West Virginia Small Business Development Center, West Virginia State University Community & Economic Development Center	Charleston, WV	12/4/2014
What a Small Business Needs to Know, Workshop Series	San Diego DO - North County Hispanic Chamber of Commerce	San Diego, CA	12/4/2014

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Small Business Educational Series	Washington DC DO - Washington, DC Economic Partnership	Washington, DC	12/10/2014
Government Contracting Workshop Series	Vermont DO - Vermont Technical College Vermont Tech Enterprise Center Vermont Small Business Development Center, Vermont Procurement Technical Assistance Center	Vermont Statewide	12/16/2014
Series of Government Contracting & Business Development Workshops and Match-maker Events	Rhode Island DO - Rhode Island Commerce Corporation, Center for Women & Enterprise	Providence, RI	12/17/2014
SBA/NACC Adult Small Business Boot Camp Series	New York DO - New American Chamber of Commerce	Brooklyn , NY	12/18/2014
Monthly Business Forum FY 2015	New York DO - White Plains Library	White Plains, NY	12/18/2014
SBA/NACC Youth Small Business Boot Camp Series	New York DO - New American Chamber of Commerce	Brooklyn , NY	12/18/2014
Export Events with SBA and Hawaii State Agriculture	Hawaii DO - State of Hawaii Department of Agriculture Market Development Branch	Hawaii Statewide	12/19/2014
Vermont Entrepreneurship Week 2015	Vermont DO - Johnson State College - Department of Business and Economics, Vermont Agency of Commerce and Community Development, Vermont Career and Technical Student Organizations, Vermont Small Business Development Center, Vermont Business Education Corporation (dba VT REAL Enterprises)	Montpelier, VT	1/16/2015
SBA/OCHIA: Building a Bigger and Better Business	New York DO - New York City Human Resources Administration	New York, NY	1/16/2015
U.S. Small Business Administration 2015 Awards Breakfast	Wisconsin DO - SCORE SE Wisconsin Chapter 28, Reinhart Boerner Van Deuren s.c., Business Journal of Greater Milwaukee, Associated Bank	Milwaukee, WI	1/16/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Business Success Workshops 2015	New York DO - Monroe College King Graduate School Entrepreneur Center	New Rochelle, NY	1/21/2015
Business Smart Toolkit	HQ/Office of Entrepreneurial Development - National Association of Government Guaranteed Lenders	World Wide Web	1/22/2015
Small Business Outreach Workshops & One on One Counseling	Hawaii DO - Waianae Coast Community Mental Health Center, Hale Na'au Pono, Hi'i Ola Program Waianae	Hawaii Statewide	1/23/2015
Small Business Excellence Award Recognition	Syracuse DO - New York Business Development Corporation	Syracuse, Albany, NY	1/23/2015
Emerging Leaders 2015	Illinois DO-Wintrust Financial Corporation, SCORE Chicago	Chicago, IL	1/23/2015
LGBT Business Builder Network	HQ/Office of Field Operations-National Gay & Lesbian Chamber of Commerce, Affinity Inc. Magazine, Los Angeles Gay and Lesbian Chamber of Commerce, Golden Gate Business Association, Long Beach Gay & Lesbian Chamber of Commerce, Pacific Gas & Electric Company, Southern California Edison, California Public Utilities Commission	San Francisco, Los Angeles, Sacramento, CA; Atlanta, GA	1/29/2015
Small Business Forums	Georgia DO - Office of US Congressman John Lewis	Atlanta; Decatur, GA.	1/29/2015
Small Business Boot Camp Seminar Series	New York DO - Brooklyn Public Library	Brooklyn, NY	2/5/2015
America East SBA Lenders Conferences and Follow-Up Training	Baltimore DO - Maryland Commercial Lenders Association, banc-serv PARTNERS, LLC, Business Credit Reports, Inc., Cantor Fitzgerald & Co., DRDA, PLLC, Lerch, Early & Brewer, Chtd, Reliant Business Valuations, Starfield and Smith, Strategic Banking Partners, Zion Bank	Baltimore, MD	2/5/2015
SBA/BCU Entrepreneurial Workshop Series	North Florida DO - Bethune Cookman University	Daytona Beach, CA	2/5/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
19th Government Procurement Conference	Dallas/Fort Worth DO-University of Texas at Arlington Cross Timbers Procurement Center	Arlington, TX	2/9/2015
Are You Ready for Export? Workshops	San Diego DO - Center for International Trade Development	San Diego, CA	2/9/2015
National Small Business Week 2015	HQ/Office of Communications and Public Liaison - SCORE Association	Washington, DC	2/9/2015
Emerging Leaders 2015	St. Louis DO-Grace Hill Women's Business Center, Veterans Business Resource Center, Small Business & Technology Development Center, SCORE Chapter 21, Procurement Technical Assistance Center, Midwest Regional Bank, Enterprise Bank & Trust, FortuneBank, St. Louis Economic Development Partnership, Capital Consulting Services, LC	St. Louis, MO	2/10/2015
2015 Albany Matchmaker	Syracuse DO - New York Business Development Corporation, University at Albany Small Business Development Center, New York State Contract Reporter	Albany, NY	2/10/2015
Small Business Workshops	Baltimore DO - Business and Professional Woman	Cockeysville, MD	2/10/2015
Encore Entrepreneur	HQ/Office of Entrepreneurship Education - AARP	Multiple Cities TBA; World Wide Web	2/12/2015
Franchise Ownership Workshop	Illinois DO - SW Illinois SCORE Chapter, Illinois Small Business Development Center at Southern Illinois University Edwardsville, Veterans Business Resource Center, FranNet of St. Louis, Coldwell Banker Brown Realtors	Belleville, IL	2/12/2015
Procurement Fair	North Dakota DO - Impact Procurement Technical Assistance Program	Fargo, ND	2/21/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Wisconsin DO - City of Milwaukee, SCORE Southeast Wisconsin Chapter 28, Wisconsin Women's Business Initiative Corporation, Manpower, Inc., Greater Milwaukee Committee, University of Wisconsin Milwaukee - Small Business Development Center, Metropolitan Milwaukee Sewerage District, Milwaukee County- Community Business Development Partners, Wisconsin Economic Development Corporation - Bureau of Minority Business Development, Wisconsin Business Development Finance Corporation	Milwaukee, WI	2/24/2015
Emerging Leaders 2015	Dallas/Ft. Worth DO - North Texas Small Business Development Center, Dallas Black Chamber of Commerce, Greater Asian American Chamber of Commerce, DFW Minority Supplier Development Council, SCORE, Greater Dallas Hispanic Chamber of Commerce, City of Dallas- Office of Economic Development, US Pan Asian American Chamber of Commerce SW; North Texas Association of Government Guaranteed Lenders	Dallas, TX	2/24/2015
Emerging Leaders 2015	Oklahoma DO - Rose State College, Rural Enterprises of Oklahoma, Inc., Oklahoma Small Business Development Centers, SCORE Oklahoma City Chapter 212,	Midwest City, OK	2/24/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Tennessee DO - Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee, Office of the Mayor of the City of Memphis, Office of the Mayor of Shelby County, Southwest Tennessee Community College	Memphis, TX	2/24/2015
Emerging Leaders 2015	North Carolina DO - Central Piedmont Community College, Charlotte Chamber Of Commerce, Charlotte Mecklenburg Black Chamber of Commerce, Carolinas Virginia Minority Supplier Development Council, City of Charlotte Charlotte Business INclusion, Mecklenburg County Minority Women & Small Business Enterprises Program, Charlotte SCORE Chapter 0047, NC Small Business & Technology Development Center, NC Institute of Minority Economic Development, Latin American Economic Development Corporation of the Piedmont Atlantic Region	Charlotte, NC	2/24/2015
Emerging Leaders 2015	North Dakota DO - Impact Procurement Technical Assistant Center, North Dakota State University Research and Technology Park, Center for Technology and Business, Greater Fargo Moorhead Economic Development Corporation, North Dakota Small Business Development Center, West Central Minnesota Small Business Development Center, Dakota Certified Development Company, Lake Agassiz Development Group	Fargo, ND	2/24/2015
SBA/EWC Entrepreneurial Workshop Series	North Florida DO - Edward Waters College	Jacksonville, FL	2/24/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Wichita DO - Beechcraft Corporation, Cargill Meat Solutions, CBIZ MHM, LLC, City of Wichita Purchasing Office, Clark Investment Group, Intrust Bank, Kansas Leadership Center, Kansas Procurement Technical Assistance Center, Kansas Small Business Development Center, Rose Hill Bank, SCORE Wichita Chapter 0143, USD 259 Wichita Public Schools, Westar Energy, Wichita State University Center for Innovation, Wichita Metro Chamber of Commerce	Wichita, KS	2/24/2015
Operation: Start up & Grow	Syracuse DO - New York Business Development Corporation, Onondaga Community College, Onondaga Small Business Development Center, Institute for Veterans and Military Families, WISE Women's Business Center, The Tech Garden, Syracuse SCORE, Martin J. Whitman School of Management-Department of Entrepreneurship & Emerging Enterprises-Falcone Center for Entrepreneurship at Syracuse University, Launch NY, Solvay Bank, National Grid, Visual Technologies, SRC, Inc.	Syracuse, NY	2/25/2015
	HQ/Office of Entrepreneurship Education - Muse Recordings	World Wide Web	2/25/2015
InnovateHER Innovating for Women Business Challenge	HQ/Office of Women's Business Ownership - Springboard	Washington, DC	2/25/2015
ChallengeHER Campaign	HQ/Office of Government Contracting and Business Development - Women Impacting Public Policy, American Express Travel Related Services Company, Inc.	Washington, DC; Norfolk, VA; Denver, CO; Miami, FL	2/25/2015
Veterans Entrepreneurial Training	Maine DO - SCORE Maine, Procurement Technical Assistance Center	Augusta, ME	2/25/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Meet Your Bangor Lenders and Service Providers	Maine DO - Bangor SCORE Chapter #314, Maine Small Business Development Centers, Maine Centers for Women, Work and Community	Bangor, ME	2/25/2015
Small Business Workshop Series	Rhode Island DO - North Kingstown Chamber of Commerce, Center for Women & Enterprise, Joseph G.E. Knight SCORE Chapter 13	N.Kingstown, RI	2/25/2015
Emerging Leaders 2015	Arkansas DO - Entergy Arkansas, Regions Bank, AR Innovation Hub, Arkansas Capital Corporation Group, Arkansas State Chamber of Commerce, Little Rock Regional Chamber of Commerce, North Little Rock Chamber of Commerce, Winrock International	Little Rock, AR	2/26/2015
Emerging Leaders 2015	Minnesota DO - City of Minneapolis Office of Mayor Betsy Hodges and the Economic Development Department, City of Saint Paul of Mayor Christopher Coleman and Planning & Economic Development, Ewald Consulting, Metropolitan Economic Development Association, Minnesota Procurement Technical Assistance Center, Saint Paul Chamber of Commerce, The SCORE Association, Small Business Development Centers, Women's Business Center/Women Venture, Women's Business Development Center-Minnesota, National Association of Women Business Owners, Small and Disadvantaged Business Opportunity Council	St. Paul, MN	2/27/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Syracuse DO - Onondaga SBDC, Syracuse SCORE, The WISE Center, The Falcone Center, CenterState CEO, The Tech Garden, SUNY College of Environmental Science and Forestry, Central NY Technology Development Organization, Manufacturers Association of Central New York, Syracuse University, City of Syracuse Office of Neighborhood and Business Development, The Downtown Committee, Onondaga County Office of Economic Development	Syracuse, NY	3/2/2015
Emerging Leaders 2015	South Florida DO-City of Miami, Coral Gables Chamber of Commerce, Florida International University Small Business Development Center, Miami Dade Gay & Lesbian Chamber of Commerce, Minority Business Development Agency Business Center Miami, SCORE Miami, Women's Business Development Council of Florida	Miami, FL	3/2/2015
Emerging Leaders 2015	Arizona DO - American Indian Chamber of Commerce of Arizona, American Indian Chamber Education Fund – Procurement Technical Assistance Center	Phoenix, AZ	3/9/2015
Emerging Leaders 2015	Georgia DO - Gwinnett Chamber of Commerce, Minority Business Development Agency Business Center - Atlanta	Atlanta, GA	3/9/2015
Emerging Leaders 2015	Colorado DO - City of Aurora, Colorado Enterprise Fund, Colorado Small Business Development Center-Aurora SBDC, Colorado Black Chamber of Commerce, Colorado National Bank, Mi Casa Women's Business Center, City and County of Denver Office of Economic Development, Accion Colorado	Aurora, CO	3/9/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	San Antonio DO - Big Austin, Greater Austin Hispanic Chamber of Commerce	Austin, TX	3/9/2015
Emerging Leaders 2015	Puerto Rico & Virgin Islands DO - Banco Popular de Puerto Rico, Polytechnic University of Puerto Rico, Puerto Rico Federal Contracting Center, Puerto Rico Small Business & Technology Development Center, Puerto Rico Trade & Export Company, Technology Initiative of the Northeast, Women's Business Institute	San Juan, PR	3/10/2015
Emerging Leaders 2015	Fresno DO - Kern County Black Chamber of Commerce, Kern County Hispanic Chamber of Commerce, MCSC Women's Center, Mid State CDC, SCORE Golden Empire Chapter 563, Small Business Development Center, CSU Bakersfield, University of La Verne, Kern County Campus	Bakersfield, CA	3/10/2015
Access to Capital for Women Owned Businesses Webinar	HQ/Office of Communications and Public Liaison - Fundera	Online	3/11/2015
Emerging Leaders 2015	Houston DO - Women's Business Center Houston, SCORE Chapter 37	Houston, TX	3/11/2015
Emerging Leaders 2015	Utah DO- Zions Bank, Salt Lake Community College Division of Economic Development and Business Partnerships, Mountain West Small Business Finance, Utah Certified Development Company	Salt Lake City, UT	3/11/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	New Mexico DO - ACCION New Mexico Arizona Colorado, Albuquerque Hispano Chamber of Commerce, Albuquerque SCORE/Chapter 67, Albuquerque Small Business Development Center at CNM, American Indian Chamber of Commerce of New Mexico, Inc., City of Albuquerque/Economic Development Department, New Mexico 8(a) & Minority Business Association/NEDA, New Mexico Manufacturing Extension Partnership, South Valley Economic Development Center, The Loan Fund, WESST	Albuquerque, NM	3/11/2015
Emerging Leaders 2015	Boise DO - Eide Bailly LLP, Zions Bank, Capital Matrix, Inc., Idaho SBDC, Boise Metro Chamber of Commerce	Boise, ID	3/11/2015
Maryland Small Business Week Awards Luncheon and Trade Show	Baltimore DO - Maryland Small Business Week Awards Program, Inc.	Woodlawn, MD	3/11/2015
New Hampshire Small Business Week Awards Program	New Hampshire DO - New Hampshire Bankers Association	Bedford, NH	3/11/2015
Emerging Leaders 2015	New York DO - Caribbean American Chamber of Commerce and Industry, Inc., Greater New York Chamber of Commerce, Hempstead Chamber of Commerce, LaGuardia Community College Division of Adult and Continuing Education, New American Chamber of Commerce, North America Chinese Association of Science, Technology & Commerce, South Bronx Overall Economic Development Corporation	New York, NY	3/12/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Multiple Export Workshops & Hawaii Resource Brochure (2 sided color)	Hawaii DO - U.S. Department of Commerce Commercial Service, Patsy T. Mink center for Business & Leadership MCBL, Hawaii Foreign Trade Zone Hawaii, Hawaii Small Business Development Center, Department of Business and Economic Development and Tourism	Hawaii Statewide	3/12/2015
Emerging Leaders 2015	El Paso DO - El Paso Hispanic Chamber of Commerce, Greater El Paso Chamber of Commerce, Women's Business Border Center, SCORE Chapter 223, South-West Texas Border Sul Ross State University Small Business Development Center Network, South-West Texas Border El Paso Community College Small Business Development Center Network	El Paso	3/13/2015
Emerging Leaders 2015	Cleveland DO - City of Youngstown Department of Community Planning and Economic Development, Ohio Small Business Development Center at Youngstown State University	Youngstown, OH	3/18/2015
Doing Business with the Federal Government	Illinois DO - Department of Education, White House Initiative for Asian American and Pacific Islanders, U.S. General Services Administration, Region 5, SCORE Chicago	Chicago, IL	3/18/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Indiana DO - BKD LLP, City of Indianapolis, Department of Minority & Women's Business Development, Indiana Department of Administration, MWBE Division, Indiana Economic Development Corporation, Indiana Office of Small Business and Entrepreneurship, Indianapolis Chamber of Commerce, Minority Business Development Agency, SCORE Indianapolis Chapter, Women's Business Center	Indianapolis, IN	3/24/2015
2015 Delaware Small Business Week Awards Event	Delaware DO - Delaware Community Development Corporation, Mid-Atlantic Business Finance Company	Wilmington, DE	3/24/2015
Small Business Forum	Wisconsin DO - U S Department of Housing and Urban Development, Federal Reserve Bank of Chicago	Milwaukee, WI	3/24/2015
Boom or Bust" is a quarterly series designed to provide topics of relevance to small and medium size government contractors	Washington DC DO - Capital Connections, LLC, Morgan Stanley, Rogers Joseph O'Donnell, PC	Vienna, VA	3/24/2015
Emerging Leaders 2015	Pittsburgh DO - Duquesne University Small Business Development Center, The 504 Company	Pittsburgh, PA	3/25/2015
Advancing Women in Business Series - "Taking it to the Next Level - Part II" Conference	Richmond DO - City of Chesapeake Department of Economic Development	Chesapeake, VA	3/25/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Emerging Leaders 2015	Washington DC DO - Arlington County Economic Development, DC Chamber of Commerce, DC Small and Local Business Development, Fairfax County Economic Development Authority, Greater Washington Hispanic Chamber of Commerce, M&T Bank, Montgomery County Economic Development, Washington DC Economic Partnership	Rockville, MD	3/26/2015
Vermont Small Business Awards Ceremony	Vermont DO - Vermont Business Magazine	Shelburne, VT	3/26/2015
Small Business Week Breakfast and Awards Ceremony	Puerto Rico Bankers Association	San Juan, PR	3/26/2015
Univision Contigo Empowerment Platform	HQ/Office of Communications and Public Liaison - Univision Communications, Inc.	TBD	3/27/2015
EMV Education Town Halls	HQ/Office of Communications and Public Liaison - Square, Inc.	Atlanta, Miami, Los Angeles, St. Louis	3/27/2015
2015 Small Business Matchmaker, Awards Luncheon, Exposition	Buffalo DO - SCORE Buffalo Niagara Chapter #45, Business First, Inc.	Buffalo, NY	3/27/2015
SBIR Road Tour	Charleston Area Alliance, Chemical Alliance Zone, INNOVA Commercialization Group, Robert C. Byrd Institute of Flexible Manufacturing, TechConnect WV, West Virginia Regional Technology Park, Corporation, West Virginia Small Business Development Center, SCORE West Virginia Chapters 256, 488, 537	Fairmont, WV	3/27/2015

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Kansas Procurement Conference	Wichita State University, on behalf of its WSU Ventures, Center for Economic Development and Business Research, Kansas Small Business Development Center, Kansas Procurement Technical Assistance Center, City of Wichita Purchasing Office, Wichita Metro Chamber of Commerce, KS/MO Mountain Plains Minority Supplier Development Council, Sedgwick County Purchasing Division, SCORE Wichita Chapter 0143, Rose Hill Bank, Mid-America Manufacturing and Technology Center, Inc., Textron Aviation (Beechcraft Corporation), Wichita Public Schools (USD 259) Operations Division, Wichita Technology Corporation, Kansas Department of Commerce	Wichita, KS	3/27/2015
SBA Day at the Ballpark 2015: Awards Ceremony & Recognition of Philadelphia District "Small Business Week" Award Winners	Philadelphia DO - Constant Contact	Philadelphia, PA	3/31/2015

Appendix X: Legal Actions Summary

October 1, 2014–March 31, 2015

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
AR	DL	IRS/CI	An individual submitted false statements to obtain a \$703,000 SBA disaster loan.	Individual was found guilty following jury trial.
CA	BL	Riverside District Attorney's Office	Individuals submitted false documents to obtain a \$1,400,000 SBA loan for business equipment and did not purchase the equipment with the loan proceeds.	Four individuals indicted.
CA	BL	FBI	An individual failed to disclose a \$750,000 loan balance when applying for three SBA loans totaling \$1,495,000.	Individual was sentenced to 8 months in prison, followed by 3 years of supervised release, ordered to pay \$355,656 in restitution, and pay a \$400 assessment.
CA	BL	FBI	An individual submitted false financial documents in order to qualify for a small business lending license from SBA. The individual was indicted for securities fraud, misusing investment fund for his own purpose and miscategorizing loans as assets.	Individual indicted.
CA	BL	FBI	An individual conspired with others to obtain a loan by making false statements to the bank and SBA. To obtain the loan, the individual created a shell corporation and recruited a straw buyer who posed as the owner of the shell company and applied for a loan in the corporation's name.	Individual was sentenced to 6.5 years in prison; 5 years of supervised release, and ordered to pay \$1,600,000 in restitution.
CA	GC	DCIS, FBI, GSA/OIG, IRS/CI, NCIS	The owner of an SBA 8(a) and HUB-Zone participating business paid public officials cash in order to receive contracts for his company.	Individual was sentenced to 3 years of probation, a \$10,000 fine, and a \$100 assessment.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
CA	GC	DCIS, FBI, IRS/CI, GSA/OIG, NCIS	An individual conspired with others to receive bribe payments in the amount of \$42,000. The payments were made to the individual in exchange for assistance in obtaining Government contracts from GSA.	Individual indicted.
CO	GC	Army/CID, DCIS, GSA/OIG, IRS	An individual failed to disclose millions of dollars' worth of assets on his SBA financial statements, which would have disqualified them from the 8(a) Program.	Individual pled guilty.
DC	GC	FBI, GSA/OIG	A company conspired to commit fraud by illegally obtaining contracts that were meant for small, disadvantaged businesses.	A criminal information was filed against the company. They entered into a deferred prosecution agreement and agreed to pay \$2,587,267 in fines and monetary penalties.
DC	GC	Army/CID, DCIS, FBI	The director of contracts for a company accepted kickbacks from several subcontractors in return for using his position to direct subcontracts to them.	The company entered into a settlement agreement, agreeing to pay \$2,500,000 in restitution.
DC	GC	FBI, DC/OIG	A company provided false joint venture information to win a contract worth \$10,043,764.	The company entered into a non-prosecution agreement and agreed to pay \$2,150,000.
FL	GC	DCIS	An individual falsified information to create a women-owned small business to subcontract for a larger organization.	Individual was sentenced to 18 months of probation and a \$400 assessment.
FL	GC	DHS/OIG	A company obtained Government contracts set aside for SDVOSB for which it was not eligible.	The company entered into a settlement agreement, agreeing to pay \$1,100,000 in restitution.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
FL	GC	DCIS, NASA/OIG	A company obtained more than \$31,000,000 in contract payments intended for disadvantaged small businesses through the 8(a) Program. The company falsely represented that they were eligible for the 8(a) Program when they were in fact operated by a larger company.	The company entered into a settlement agreement, agreeing to pay \$300,000 in restitution.
FL	GC	DCIS, USCG, DHS-OIG	A company falsely certified that its principle office was located in a designated HUBZone, when in fact, its principle office was actually located in a non-HUBZone area.	The company entered into a settlement agreement, agreeing to pay \$250,000 in restitution.
FL	ML	None	The owner of an intermediary micro-lending company forged signatures and submitted false information to obtain \$750,000 of SBA loans.	Individual was sentenced to 18 months of imprisonment, 3 years of supervised release, and a \$600 assessment.
GA	BL	None	An individual conspired with others to obtain money, funds, credits, assets securities, and other property of a company while carrying on a practice of replacing non-performing loans with new loans, including an SBA loan in the amount of \$1.5 million.	Individual indicted.
IA	BL	FBI, FDIC/OIG	Five individuals participated in a nominee loan and identity theft scheme in order to prevent their respective loans from defaulting. The scheme included approximately 26 loans totaling \$1.4 million, including a \$900,000 SBA-guaranteed loan.	Four individuals charged by information, one individual indicted. Four individuals pled guilty.
IA	GC	DCIS, FDIC/OIG, GSA/OIG, VA/OIG	An individual created a pass-through company to obtain \$23,420,044 in SDVOSB set-aside contracts.	An individual was sentenced to 2 years of probation and forfeiture of \$3,352,510. Two companies were sentenced to 2 years of probation.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
IL	BL	FBI, IRC/CI, FDIC/OIG	An individual conspired with others to “flip” gas stations using SBA loans. They got unqualified SBA borrowers approved to purchase gas stations using false tax returns, then sold the gas station for a profit.	Individual sentenced to 6 months of incarceration, 1 year of supervised release, and ordered to pay \$150,376 in restitution, a \$14,650 fine, and \$550 in fees and assessments.
MD	BL	SSA/OIG	An individual provided false statements and equity injection proof to obtain an SBA 7(a) loan in the amount of \$1,666,700.	Individual pled guilty
MD	BL	FBI, FHFA/OIG, USPIS	An individual committed bank fraud by creating a straw buyer to purchase a liquor store with funds from an SBA-guaranteed loan.	Individual was sentenced to 51 months in prison, followed by 3 years of supervised release, and ordered to pay \$950,000 in restitution.
MD	GC	Air Force/OSI, DOI/OIG, SSA/OIG	Individuals conspired to defraud the Government by creating and utilizing pass-through companies to obtain 8(a) and SDVOSB contracts. Fees were paid to the companies for passing the work.	Two individuals pled guilty.
MD	GC	Army/CID, DCIS, FBI, GSA/OIG, IRS, DOL/OIG, VA/OIG	An individual paid gratuities to a former contracting official with the U.S. Department of the Army in return for preferential treatment and Government contracts.	Individual pled guilty and was sentenced to pay a fine of \$250,000 and a \$100 assessment. Another individual, previously charged, was sentenced to 4 years in prison.
MD	GC	DCIS, GSA/OIG	An individual conspired with others to defraud SBA by fraudulently obtaining Federal contracts under the 8(a) Program.	Individual was sentenced to 36 months of probation, 16 months of home confinement, ordered to perform 400 hours of community service, and pay \$839,016 and a \$100 assessment.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
MI	BL	FBI, USSS	Three individuals conspired to commit bank fraud by falsifying information. Specifically, they forged the signature of the owner of a company and submitted an SBA express loan application without the owner's knowledge or consent.	Three individuals pled guilty.
MO	BL	FBI	An individual conspired with others to originate nominee loans to provide funding for struggling businesses.	Individual sentenced to 5 years of probation and ordered to pay restitution in the amount of \$3,113,281 and a \$100 assessment.
NJ	BL	IRS/CI, Englewood NJ Police Department	An individual conspired with others to obtain credit cards and loans from various lending institutions using false identities, documents, and business names. Approximately 85% of these loans were SBA-guaranteed express loans totaling \$1,500,000.	Individual was sentenced to time served, 36 months of probation, ordered to pay \$1,134,950 restitution and a \$100 assessment.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	Individual received \$12,270 after filing false applications to collect Federal relief funds after Hurricane Sandy.	Individual charged by complaint-summons.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	Individual received \$11,320 after filing false applications to collect Federal relief funds after Hurricane Sandy.	Individual charged by complaint-summons.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	Two individuals filed false applications to collect Federal relief funds after Hurricane Sandy. As a result, they received a total of \$91,900 in relief funds.	Two individuals charged by complaint-summons.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	An individual filed a false application to collect \$21,128 in Federal FEMA grants after Hurricane Sandy.	Individual pled guilty and was sentenced to 1 year of probation and \$155 in fees and assessments. Prior to sentencing, the individual paid \$21,218 in restitution.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	An individual received \$74,298.12 from SBA and other Federal agencies when he claimed his storm damaged house was his primary residence, when in fact it was a secondary home.	Individual entered pretrial diversion. The individual paid \$74,298.12 in restitution and was ordered to pay \$125 in fees and assessments.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	Individual received \$2,270 after filing a false application to collect Federal relief funds after Hurricane Sandy.	Individual entered pretrial diversion. The individual paid \$2,270 in restitution and was ordered to forfeit her employment and pay \$125 in fees and assessments.
NJ	DL	DHS/OIG, HUD/OIG, New Jersey/DCA	An individual received \$116,900 from several Federal agencies when he claimed his storm-damaged house was his primary residence, when in fact it was a secondary home.	Individual pled guilty.
NJ	GC	GSA/OIG, IRS/CI, VA/OIG	An individual conspired with others to defraud the Government by making false statements in order to obtain SDVOSB contracts.	Individual was sentenced to 2 years of probation, and ordered to pay \$100,000 in restitution and a \$100 assessment.
NJ	GC	VA/OIG	The owner of a company used another person's SDV status to obtain set-aside contracts as part of the SDVOSB Program. The disabled veteran had nothing to do with the business other than in name and was employed full-time by the State of New Jersey.	The company entered into a settlement agreement, agreeing to pay \$1,300,000 in restitution.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
PA	GC	Army/CID, Air Force/OSI, DOJ/OIG, NCIS, DCIS	An individual who purported to be the owner of a woman-owned small business was actually 85 percent owned by an ineligible individual who had a prior criminal record and would not have been eligible to participate in the program. Additionally, the individual diverted \$1,200,000 in Government progress payments to pay other outstanding obligations and for personal expenses.	Individual was sentenced to 37 months of confinement, followed by 3 years of supervised release, and ordered to pay \$1,200,000 restitution and \$7,800 in fines and assessments. In addition, the company agreed to a consent judgment in the amount of \$3,600,000
TX	BL	DHS/ICE	An individual made a false claim of United States citizenship to obtain a \$420,000 SBA-guaranteed loan.	Individual pled guilty and was sentenced to time served (3 months), 1 year of supervised release, and ordered to pay a \$100 assessment.
TX	BL	None	Two individuals, a loan broker and a lender, aided clients in obtaining SBA-guaranteed loans by fraudulently creating the appearance that they had liquid assets that they did not possess. They created false bank statements showing inflated balances and submitted them to SBA as evidence the clients had sufficient funds on deposit to make the cash injection payments required by SBA.	One individual was sentenced to 6 months in prison, followed by 3 years of supervised release, and ordered to pay restitution of \$1,222,852 and a \$100 assessment. A second individual was sentenced to 33 months in prison, 2 years of supervised release, ordered to pay \$1,038,707 in restitution, and pay a \$200 assessment.
TX	DL	FBI	A borrower of two SBA disaster loans totaling \$1,884,100, submitted invoices reflecting inflated repair costs and attempted to hide the transactions by devising fraudulent contracts with another party.	Individual was sentenced to 5 years of probation and ordered to pay \$500,000 in restitution.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
TX	DL	FBI	A borrower of a \$1,306,100 loan forged signatures on SBA documents and falsified invoices in order to obtain the loan.	Individual indicted.
TX	IA	GSA/OIG	An SBA employee used his GSA fleet card to purchase fuel for vehicles other than Government vehicles operated by SBA.	Individual was charged by information and pled guilty. He was sentenced to 2 years of imprisonment, 5 years of probation, and ordered to pay \$6,112.22 in restitution and a \$300 fine.
TX	GC	FBI, VA/OIG	An individual submitted fraudulent documentation to justify her awarding of a small business vendor contract to her boyfriend. The contract was valued at \$150,000.	Individual indicted.
TX	GC	Army CID, GSA/OIG, VA/OIG	An individual created a company which was awarded SDVOSB contracts. The individual was not a veteran and had used his father's identity to create the business and obtain contracts.	Individual indicted.
TX	GC	VA/OIG	An individual was falsifying documents to establish SDVOSB status. The individual was awarded a \$1,587,952 set-aside contract.	Individual pled guilty and was sentenced to 12 months of confinement, 36 months of supervised release, and ordered to pay \$1,494,467.29 and a \$100 fine.
TN	GC	FBI, DOI/OIG, USSS, VA/OIG	An individual conspired with others to fraudulently obtain SBA 8(a) certification for a company to gain access to \$9,000,000 in sole-source and set-aside contracts.	Individual entered into pretrial diversion.
VA	GC	Army/CID	A company that received \$6,355,310 in SDVOSB contracts set-aside when, in fact, they received the contracts under fraudulent pretenses.	The company entered into a settlement agreement, agreeing to pay \$540,000 to settle the claims.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
VA	GC	DHS/OIG, GSA/OIG, USPS/OIG, VA/OIG	An individual received illegal gratuities from representatives of Government contractor companies in exchange for acts that he performed related to Government procurements.	Individual indicted, pled guilty and sentenced to 2 months in prison, 1 year of supervised release, and ordered to forfeit \$5,299 and pay a \$100 fine.
VT	BL	FBI, FDIC	A borrower of a \$2,000,000 SBA-guaranteed loan made false statements and reports and overvalued property and security in connection with his SBA loan application.	Individual pled guilty.
WA	BL	IRS	Two individuals made false statements to SBA by understating the true purchase price of a business, failing to disclose a \$1,000,000 promissory note, misrepresenting employment information, and structuring the closing sessions to conceal the above described misrepresentations to the bank and SBA.	Two individuals were each sentenced to 3 months in prison, 6 months of home confinement, 3 years of supervised release, and ordered to pay \$427,015 in restitution and a \$100 assessment.
WA	BL	FBI	Two individuals falsified information in order to obtain a \$50,000 SBA express loan and other loans/lines of credit totaling \$438,042.83.	One individual was charged by information and pled guilty. Another individual, previously charged, pled guilty and was sentenced to 6 months of home detention, 5 years of probation, and ordered to pay \$438,042 in restitution.
VA	GC	DHS/OIG, GSA/OIG, USPS/OIG, VA/OIG	An individual received illegal gratuities from representatives of Government contractor companies in exchange for acts that he performed related to Government procurements.	Individual indicted, pled guilty and sentenced to 2 months in prison, 1 year of supervised release, and ordered to forfeit \$5,299 and pay a \$100 fine.

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
WI	BL	FBI, New Richmond Police Department	An individual falsified business records in order to profit from the sale of his failing business. These records were used by the buyer to obtain a \$947,500 SBA-guaranteed loan. The business failed immediately following the sale.	Individual was charged by information and pled guilty
WV	GC	DCIS, FBI, IRS/CI, DOL/OIG, VA/OIG	An individual conspired with others to defraud SBA by using pass-through companies to continue to secure 8(a) contracts even though the business had graduated from the 8(a) Program in 2001.	Individual pled guilty and was sentenced to two years of probation and ordered to pay a \$100 fine.

Legal Actions Summary Program Codes:

Business Loans (BL)
 Disaster Loans (DL)
 Government Contracting and Section 8(a) Business Development (GC)
 Integrity Assurance (IA)
 Microloan Program (ML)

District of Columbia Office of Inspector General (DC/OIG)
 Federal Bureau of Investigation (FBI)
 Federal Deposit Insurance Corporation Office of Inspector General (FDIC/OIG)
 Federal Housing Finance Agency Office of Inspector General (FHFA/OIG)
 General Services Administration Office of Inspector General (GSA/OIG)

Joint-investigation Agency Acronyms:

Defense Criminal Investigative Service (DCIS)
 Department of Homeland Security Immigration and Customs Enforcement (DHS/ICE)
 Department of Homeland Security Office of Inspector General (DHS/OIG)
 Department of Housing and Urban Development Office of Inspector General (HUD/OIG)
 Department of Interior Office of Inspector General (DOI/OIG)
 Department of Labor Office of Inspector General (DOL/OIG)
 Department of Transportation Office of Inspector General (DOT/OIG)
 Department of Veterans Affairs Office of Inspector General (VA/OIG)

Internal Revenue Service – Criminal Investigation (IRS/CI)
 National Aeronautics and Space Administration Office of Inspector General (NASA/OIG)
 Naval Criminal Investigative Service (NCIS)
 New Jersey Department of Community Affairs (New Jersey DCA)
 Social Security Administration Office of Inspector General (SSA/OIG)
 United States Air Force Office of Special Investigations (Air Force/OSI)
 United States Army/Criminal Investigation Division (Army/CID)
 United States Coast Guard (USCS)
 United States Postal Inspection Service (USPIS)
 United States Secret Service (USSS)

Appendix XI: External Peer Reviews

Section 5(a) of the IG Act provides the requirements for reporting the results of peer reviews in OIG Semiannual Reports to Congress. The following information is provided in accordance with these requirements.

Auditing

Generally accepted government auditing standards (GAGAS) issued by GAO require that audit organizations performing audits and attestation engagements in accordance with GAGAS must have an external peer review performed by independent reviewers at least once every 3 years.

OIG did not have a peer review conducted during this semiannual reporting period. OIG's last peer review was conducted by NASA OIG, which issued its final report on September 27, 2012. OIG received a rating of "pass" in that report (from possible ratings of "pass," "pass with deficiencies," or "fail"). There are no outstanding recommendations from previous peer reviews of OIG.

Peer Reviews Conducted

OIG conducted a peer review of the Railroad Retirement Board OIG in the Fall 2012 reporting period. On October 18, 2012, OIG issued its final report. The Railroad Retirement Board OIG received a rating of "pass" in that report.

Investigations

Section 6(e)(7) of the IG Act, Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority, and the CIGIE Quality Standards for Investigations require external peer reviews of

OIG investigative functions be conducted every 3 years.

OIG received its review in September 2014, which was conducted by the US Department of the Interior, Office of Inspector General. The final report, dated November 13, 2014, found the system of internal safeguards and management procedure for the investigative function of SBA OIG to be in compliance with the quality standards established by CIGIE and the applicable Attorney General Guidelines (OIGs can be assessed as either "compliant" or "noncompliant"). No recommendations were offered.

Peer Reviews Conducted

OIG conducted a peer review of GSA OIG in May of 2013. On July 26, 2013, OIG issued its final report. OIG found the system of internal safeguards and management procedures for the investigative function of OIG compliant with the quality standards established by CIGIE and the applicable Attorney General Guidelines. No recommendations were offered.

Appendix XII: OIG Organization

OIG is comprised of the Inspector General's immediate office and four divisions: Auditing, Investigations, Counsel, and Management and Policy.

The **Auditing Division** performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations.

The **Investigations Division** manages a program to detect and deter illegal and improper activities involving SBA programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. The security operations staff ensures that SBA employees and contractors have appropriate background investigations and security clearances to achieve a high level of integrity in the Agency's workforce, and that loan applicants and other potential program participants are of good character.

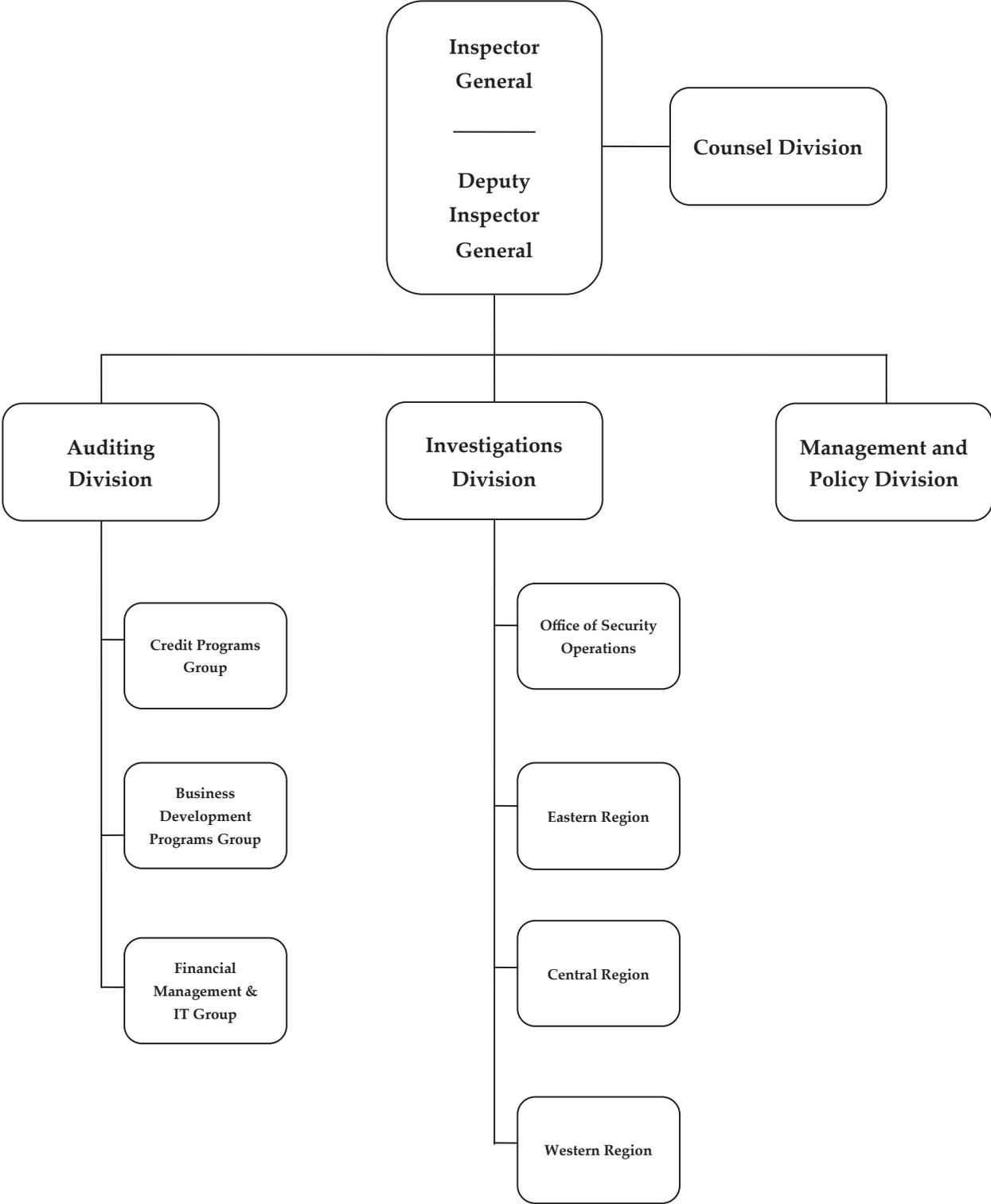
The **Counsel Division** provides legal and ethics advice to all OIG components; represents OIG in litigation arising out of or affecting OIG operations; assists with the prosecution of criminal, civil fraud, and administrative enforcement matters; processes subpoenas, responds to Freedom of Information and Privacy Act requests; and reviews and comments on proposed policies, regulations, legislation, and procedures.

The **Management and Policy Division** provides business support (e.g., budget and financial management, human resources, IT, and procurement) for the various OIG functions; coordinates preparation of OIG's Semiannual Report to Congress, and other OIG-wide reports and documents; maintains OIG's website; and operates OIG's Hotline.

OIG headquarters is located in Washington, DC; and has field staff located in Atlanta, GA; Chicago, IL; Dallas-Fort Worth, TX; Detroit, MI; Denver, CO; Herndon, VA; Houston, TX; Kan-

sas City, MO; Los Angeles, CA; Miami, FL; New York, NY; Philadelphia, PA; Tacoma, WA; and Washington, DC.

Appendix XIII: Organization Chart



This page intentionally blank.

Make a Difference!

To promote integrity, economy, and efficiency, we encourage you to report instances of fraud, waste, or mismanagement to the OIG Hotline.*

Online:

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

Call:

1-800-767-0385 (Toll Free)

Write or Visit:

U.S. Small Business Administration
Office of Inspector General
Investigations Division
409 Third Street, SW (5th Floor)
Washington, DC 20416

*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.